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IN THE

# SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1926.

No. 249.

BEECH-NUT PACKING COMPANY,  
Petitioner,  
v.  
P. LORELLARD COMPANY.

On Writ of Certiorari to the United States Circuit Court of Appeals for  
the Third Circuit.

Petition for Certiorari Filed December 8, 1925. Certiorari Granted  
January 11, 1926.

## BRIEF FOR PETITIONER.

(Plaintiff below.)

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# SUPREME COURT OF THE UNITED STATES

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OCTOBER TERM, 1926.

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No. 249.

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**BEECH-NUT PACKING COMPANY,**  
Petitioner,

vs.

**P. LORILLARD COMPANY.**

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On Writ of Certiorari to the United States Circuit Court of Appeals for  
the Third Circuit.

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Petition for Certiorari Filed December 8, 1925. Certiorari Granted  
January 11, 1926.

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## BRIEF FOR PETITIONER.

(Plaintiff below.)

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### Nature and History of Case.

Petitioner filed its bill of complaint herein in the United States District Court for New Jersey on June 17, 1921, charging infringement of its registered trade-mark and unfair competition and praying for an injunction and an accounting of damages and profits. The District Court dismissed the bill without costs to either party, and the Circuit Court of Appeals for the Third Circuit

affirmed the decree of the District Court. Following are references to the reports of the opinions of the courts below:

Opinion of the District Court, 299 F. 834. (The opinion appears in the Record of this case at page 2645 of Volume V.)

Opinion of the Court of Appeals, 7 F. (2nd) 967. (The opinion appears in the Record of this case at page 2694 of Volume V.)

The opinion and decree of the Court of Appeals were filed on September 11, 1925 (R., Vol. V, pp. 2694 and 2704).

### **Jurisdiction.**

The jurisdiction of this court was invoked by petition for a writ of certiorari filed December 8, 1925, under the provisions of Section 240 (a) of the Judicial Code as amended by the Act of February 13, 1925, ch. 229 (43 Stat. L. 938). The petition was granted by this court on January 11, 1926. The basis of federal jurisdiction is the diversity of citizenship of the parties and the registration of petitioner's trade-mark under the provisions of the Trade-Mark Act of February 20, 1905, ch. 592 (33 Stat. L. 724). Petitioner, the Beech-Nut Packing Company, plaintiff and appellant below, is a New York corporation. Respondent, the P. Lorillard Company, is a New Jersey corporation.

### **Decision Below and Conflicting Decisions in Other Circuits.**

The ground for the petition for a writ of certiorari was that the decree of the Court of Appeals in the instant case rests on a decision on a question of law which is in conflict with previous decisions of the Courts of

Appeals of the Sixth and Second Circuits, and also the importance of the question of law upon which the conflicting decisions had been made.

The Courts of Appeals of the Sixth and Second Circuits have decided that the appropriation by a stranger of the trade-mark or name of an established business with resulting appropriation of and injury to the good-will of that business is a fraud which equity will enjoin, even though the stranger deals in goods not identical with or of the "same descriptive properties" or "same class" as those dealt in by the party whose mark or name he has appropriated. The Court of Appeals for the Third Circuit bases its decision in the instant case upon its ruling that the P. Lorillard Company's use of the trade-mark and salient part of the trade and corporate name of the Beech-Nut Packing Company in the sale of tobacco and cigarettes, with resulting appropriation of and injury to the good-will of the business of the Beech-Nut Packing Company, is not a violation of law because the Beech-Nut Packing Company does not deal in tobacco or cigarettes or in commodities which the court considered of "the same class" or "same descriptive properties." The foregoing interpretation of the law is not only expressly stated by the Court of Appeals in its opinion, but it is implicit in its decision by reason of the undisputed and indisputable proof that the Lorillard Company's use of the Beech-Nut trade-mark and name has caused universal belief by the purchasing public that the Lorillard Beech-Nut tobacco and cigarettes are products of the Beech-Nut Packing Company, and has thereby diverted the good-will of the Beech-Nut Packing Company's business to the uses and benefit of the Lorillard Company.

## STATEMENT OF THE CASE.

### Outline.

Following is a brief summary of the principal facts of the case in the form of an outline of the subject-matter of each of the five parts into which the Statement of the Case is divided.

#### **OUTLINE OF PART I. HISTORY OF THE BEECH-NUT PACKING COMPANY'S BUSINESS AND OF ITS BEECH-NUT TRADE-MARK.** (POST, P. 16.)

The business was founded and the Beech-Nut trade-mark was adopted in or shortly prior to the year 1891 (*post*, p. 16). Several specimens of the Beech-Nut Company's labels used on different products are mounted on pages 5, 6, *post*. The products first produced were hams and bacon. In 1899 the original name of the company, Imperial Packing Company, was changed to Beech-Nut Packing Company in order to identify the corporate name as well as the trade-mark with the Beech-Nut products. The business grew steadily and by 1902 the company had added beef and grape jam to its products. In 1907 the number of products had grown to over forty. In 1912 the company registered its Beech-Nut trade-mark in the United States Patent Office for sixty-seven products and in that year was selling over forty products on a nation-wide scale. In 1911 the manufacture and sale of chewing gum was started (*post*, p. 22). Chewing gum is now the principal product of the company in volume of business, constituting over half of the total (*post*, p. 21). Over seven billion Beech-Nut trade-mark labels have been put before the public on goods sold, and the company had expended three million dollars for advertising prior to the end of the year 1921 (*post*, p. 22).



# BEECH-NUT PACKING COMPANY LABELS.

The four labels below are similar to labels in Plaintiff's Exhibit No. 28.



## PLAINTIFF'S EXHIBIT NO. 27—BEECH-NUT CHEWING GUM DISPLAY BOX.



BOX INCLOSED IN OUTSIDE COVER.



BOX WITH FLAP DOWN—COVER REMOVED.



BOX WITH FLAP UP.

A collection of the Beech-Nut Packing Company's Beech-Nut labels is in evidence as Plaintiff's Exhibit No. 28. In this collection the labels are mounted on a large board, a photograph of which on a much reduced scale appears at pages 2777 to 2778 of Volume VI of the Record and a duplicate of which is inserted on pages 18a and 18b of this brief. The details of many of the smaller labels cannot be distinguished in these photographs on account of the reduction in size, but the photographs show the larger labels in detail and the general appearance of all of them. The dates of use of the different labels are shown at the top of Exhibit 28. Owing to the destruction of the Company's files by fire in 1903 (*post*, p. 18) and the fact that only about a half-dozen different commodities were produced prior to 1900 there are but few specimens shown of labels used prior to the last mentioned year.

Above gum box contains twenty packages of five sticks each. Thus each box of gum, when sold, contains not only all the markings shown in above pictures but also 100 individual gum-stick wrappers and 20 package wrappers inside, all featuring the name Beech-Nut in its famous oval setting. Over ten million of these boxes of gum, over a billion sticks, were sold in 1921 (*R. Vol. I, p. 850*). The demand for Beech-Nut gum has been so enormous that it could not always be supplied. (*Ibid*, Q. 33.)



The company reserves the Beech-Nut trade-mark for goods of the highest quality and choicest variety, and uses other trade-marks upon less choice commodities incidentally produced in its business, such as the less choice but wholesome cuts of meat (*post*, p. 25). This policy has been followed for the purpose and with the effect of causing the purchasing public to buy new commodities bearing the Beech-Nut trade-mark by reason of their knowledge of the high quality of previous Beech-Nut products (*post*, p. 24).

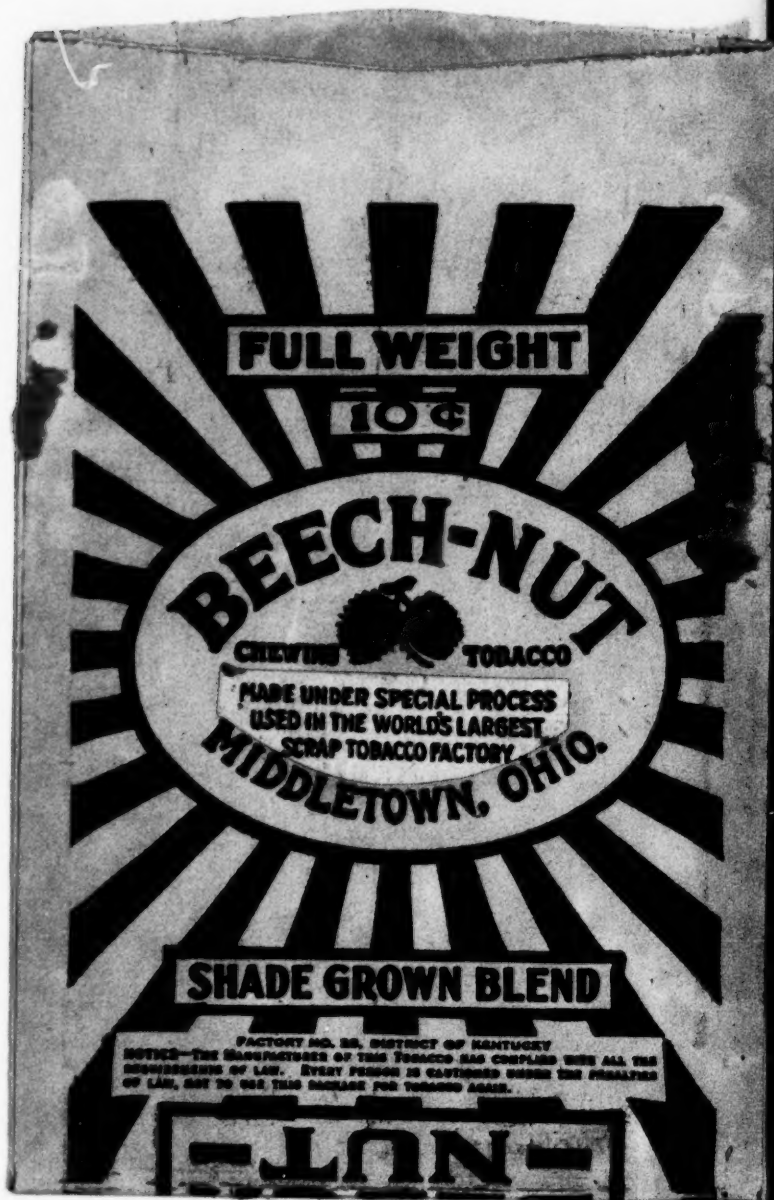
**OUTLINE OF PART II. THE LORILLARD COMPANY'S ADOPTION OF THE BEECH-NUT TRADE-MARK, THE PROTEST MADE BY THE BEECH-NUT PACKING COMPANY IN 1915, THE LORILLARD COMPANY'S REPLY, AND THE DISCOVERY IN 1920 THAT THE REPLY WAS A MISREPRESENTATION OF THE FACTS. (POST, P. 26.)**

The Lorillard Company in 1915 placed a new chewing tobacco mixture on the market in a wrapper bearing an essentially exact copy of the Beech-Nut Packing Company's Beech-Nut trade-mark. A specimen of the Lorillard Company's Beech-Nut tobacco wrapper is mounted on page 8, *post*. The Beech-Nut Company immediately wrote a letter of protest to the Lorillard Company. In reply the Lorillard Company represented that it and its predecessors, the Luhrman & Wilbern Company and the Harry Weissinger Tobacco Company, as shown by their office records, had used the word "Beech-Nut" on tobacco continuously since prior to the year 1898, in which year, or prior thereto, the Harry Weissinger Tobacco Company of Louisville, Kentucky, had adopted the word "Beech-Nut" as a trade-mark for chewing and smoking tobacco. A reproduction of the Harry Weissinger Beechnut tobacco wrapper is mounted on page 9, *post*.

## BEECH-NUT SCRAP TOBACCO LABEL

Used by

P. LORILLARD CO.

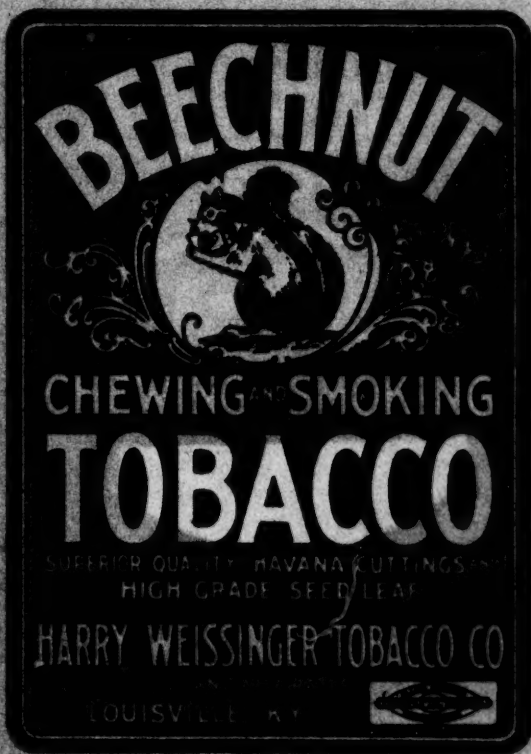


Above label appears in Bill of Complaint, Exhibit 2 (S. Vol. 1, p. 17);  
also in District of Columbia Reports, 2 (S. Vol. 1, p. 17) and in District of Columbia Reports, 3 (S. Vol. 1, p. 17).

**WEISSINGER BEECHNUT TOBACCO LABEL**

**As Used by**

**HARRY WEISSINGER TOBACCO CO.**



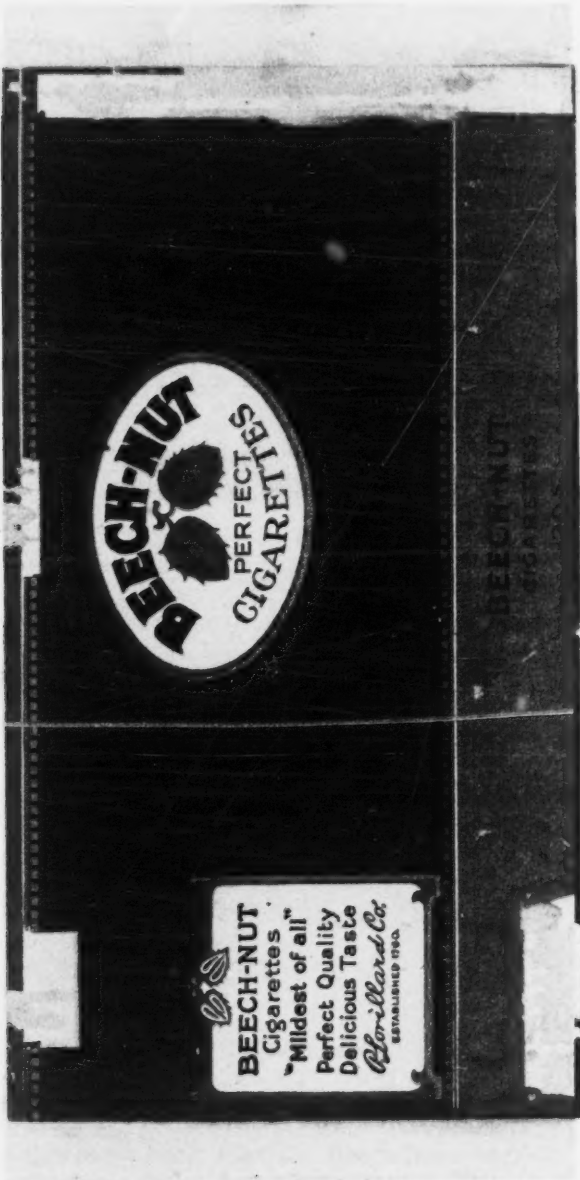
**Factory No. 28, Fifth District of Kentucky.**

**NOTICE.**—The manufacturers of this Tobacco have complied with all the requirements of law. Every person is cautioned, under the penalties of the law, not to use this package for Tobacco again

There is nothing to indicate, and no likelihood, that any confusion or deception of purchasers was caused by Harry Weissinger's use of his Beechnut label on scrap tobacco in his small business at Louisville, Kentucky, in 1898 and thereafter and the Beech-Nut Packing Company's use of the word "Beech-Nut" on an entirely different label on the half-dozen food products it was then manufacturing in a small way at Canajoharie, New York. If, as represented, the Lorillard Company's use of the word "Beech-Nut" as a trade-mark for tobacco was a continuation of Harry Weissinger's use of that word, and if that use had been continued without simulation of the Beech-Nut Company's label in arrangement and form, then any confusion in trade that might subsequently have arisen would have been due to the growth of the business of one or both of the parties, and not to any flaw in the original or continued right of either of them to use its label. The Lorillard Company's representation made it appear that it had a legal right to use on tobacco products a label of which the word "Beechnut" was the dominating element, and that the Beech-Nut Company could not possibly prevent its use of that word. The most the Beech-Nut Company could have hoped to accomplish would have been to induce or compel the Lorillard Company not to accompany the word "Beech-Nut" with the oval border and other elements of the design used by the Beech-Nut Company.

Relying on the Lorillard Company's representation and seeing no possibility of preventing that company from using the word "Beech-Nut" on tobacco products, the Beech-Nut Company did not prosecute its protest further. During the years following 1915 the Lorillard Company knew that the Beech-Nut Company continued to assert its right to prevent any tobacco dealer other





Defendant's Beech-Nut cigarettes label.  
First used in 1921.

than the Lorillard Company from using the word "Beech-Nut" as a trade-mark for tobacco products, and accepted and followed the Beech-Nut Company's suggestion to proceed against another tobacco dealer who was using the word "Beech-Nut" as a trade-mark.

In the spring of 1921 the Lorillard Company placed on the market a cheaper cigarette than it had theretofore made and at a price lower than that charged by its competitors for their cigarettes. To this cheap cigarette the Lorillard Company applied the name "Beech-Nut," presented on the label in the familiar oval design of the Beech-Nut Packing Company's Beech-Nut trade-mark. A specimen of the Lorillard Beech-Nut cigarette label is mounted opposite this page. In 1919, when the Lorillard Company was preparing to put its Beech-Nut cigarette on the market, the Beech-Nut Company protested against this extension of the Lorillard Company's use of the Beech-Nut trade-mark, and, as a measure of defense, applied to the Patent Office for registration of the word "Beech-Nut" as a trade-mark for cigarettes (*post*, p. 39). The Lorillard Company opposed the Beech-Nut Company's application for registration. The evidence taken in the Patent Office opposition proceeding in 1920 divulged for the first time that the manufacture and sale of the old Weissinger Beechnut tobacco had been discontinued by the Luhrman & Wilbern Company, Weissinger's successor, before the Lorillard Company had acquired any interest in the Luhrman & Wilbern Company, and that the Lorillard Company itself had never made any use whatever of the Weissinger Beechnut trade-mark (*post*, pp. 46-50). Shortly after learning that the Lorillard Company had misrepresented the facts the Beech-Nut Company instituted the suit now at bar.

**OUTLINE OF PART III. HISTORY OF THE WEISSINGER BEECH-NUT TRADE-MARK AND BUSINESS. (POST, P. 45.)**

The last sale of the Weissinger Beechnut tobacco was in April, 1910 (*post*, p. 47). None of the Weissinger Beechnut tobacco was manufactured after some undetermined date prior to the year 1909 (*post*, p. 49). Since the year 1903 the Weissinger tobacco business had been owned by the Luhrman & Wilbern Company and all of the stock of the latter company was owned by the American Tobacco Company. In accordance with the decision of this Court (221 U. S. 106) the American Tobacco Company was dissolved by decree of the Circuit Court for the Southern District of New York (191 Fed. 371, decree at page 417). The decree of dissolution directed the organization of "a new corporation called P. Lorillard Company" (p. 423) and the conveyance to the new company of all of the stock of the Luhrman & Wilbern Company (p. 424). The decree was dated November 16, 1911 (p. 431). On September 1, 1913, the Lorillard Company as sole stockholder of the Luhrman & Wilbern Company assigned all of the assets of that company to itself. The Lorillard Company never used the Weissinger Beechnut trade-mark, nor was it ever used by anyone subsequent to 1910 when its use was discontinued by the Luhrman & Wilbern Company.

**OUTLINE OF PART IV. DECEPTION OF THE PURCHASING PUBLIC AND OF DEALERS. (POST, P. 75.)**

The Lorillard Company's use of the Beech-Nut trade-mark has caused the entire purchasing public to believe that the Lorillard Beech-Nut tobacco and Beech-Nut cigarettes are products of the Beech-Nut Packing Company, or of the company which produces the extensive line of Beech-Nut products, and even many of the retailers



and even wholesalers have been similarly deceived. In several instances the deception of consumers and of dealers extended over periods of several years and in most instances continued until the truth was learned from representatives of the Beech-Nut Company (*post*, p. 75, *et seq.*).

**OUTLINE OF PART V. DAMAGE.** (POST, P. 102.)

The use by the Lorillard Company of the trade-mark and trade-name "Beech-Nut" converts the Beech-Nut Company's right to the exclusive enjoyment of its reputation and good-will into the mere right to enjoy its reputation and good-will in common with the Lorillard Company and with anyone who desires to use the name "Beech-Nut" in connection with the sale of any commodity not previously dealt in by the Beech-Nut Company. Damage is inherent in the conversion of an exclusive title into a mere tenantry in common. Special damage, however, of a serious character and of ever widening extent is shown as the result of the cheap grade and inferior quality of the Lorillard Beech-Nut cigarette, and in the opposition to, and withdrawal of patronage from the Beech-Nut Company by people who are opposed to the use of chewing tobacco and cigarettes. The effect of the decision below legalizing the Lorillard Company's use of the Beech-Nut trade-mark will, if it stands, establish a legal principle that will authorize anyone and everyone to use the Beech-Nut Company's name and reputation in the sale of any commodities that have not theretofore been dealt in by the Beech-Nut Company.

**STATEMENT.****PART I.****History of the Beech-Nut Packing Company's Business  
and of Its Beech-Nut Trade-Mark.****EARLY HISTORY.**

The business now conducted by the Beech-Nut Packing Company was started on a very small scale at Canajoharie, New York, some two or three years prior to 1891, in which year the enterprise was incorporated as the Imperial Packing Company (R. Vol. I, pp. 800-801; 827, X-Q. 18; Vol. IV, pp. 2155-2157, 2163; Vol. VI, p. 2983). The conditions under which the business was established are described by Marshall Davis, one of the original employees who is still with the company as foreman of the meat department. The following is from his testimony:

"X-Q. 26. When you first came with the Imperial Packing Co., how many men did they employ?

"A. I was the first one. We cured our hams in a cellar and took them back of the barn and smoked them in a barrel. Then we had a smoke house a story and a half high. Before the fire we had moved into the Soles building. There was a clam stand downstairs—they sold booze, cider and had a bar. We had one room upstairs and started with three men. I was a boy cleaning out the office, carrying out the waste paper, etc., and going to school. From that time on it has grown to where it is now." (R. Vol. I, p. 828.)

Walter H. Lipe, vice president and general manager of the Beech-Nut Packing Company in 1920 when he testified in this case, and Bartlett Arkell, the present president of the Beech-Nut Packing Company, were the incorporators of the Imperial Packing Company in 1891 (R. Vol. VI, pp. 2983-2984). Since its inception the business has been managed and controlled by the men who founded it.

In 1891 the products of the company were ham and bacon (R. Vol. IV, p. 2156, Q. 4). At first these products were labeled "Imperial" ham and bacon, but after the first few months the name "Beech-Nut" was adopted (R. Vol. IV, p. 2156, Qs. 6-8), and used thereafter on all of the products of the company with the slight exception of some of the less choice cuts of meat, to which latter the names "Mohawk," "Holly," and "Erie" were applied in order to preserve the significance of the name "Beech-Nut" as a symbol of products of the highest quality and choicest variety. Testimony regarding the use of these brands will be found in the Record, Vol. I, p. 16, X-Q. 733, and pages 817 and 853, and Vol. IV, p. 2165, X-Q. 73. Specimens of the Erie and Holly trade-marks are inserted in the Record at pages 2882 and 2884 of Volume VI.

In 1899 the name of the business was changed to Beech-Nut Packing Company by incorporation of a new company under that name and transfer to it of all the assets of the Imperial Packing Company (R. Vol. IV, pp. 2156-2157). This change was made by reason of the fact that the word "Beech-Nut" had been used as a trade-mark since 1891, and the owners of the business desired to have its corporate name as well as the trade-mark identify its products as "Beech-Nut" products (R., Vol. I, p. 786, Q. 16).







































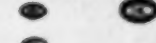





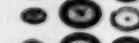








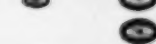




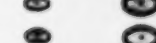




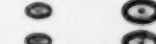







































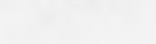




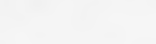




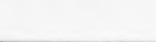

**INCREASE IN NUMBER OF COMMODITIES DEALT IN—PRESENT  
MAGNITUDE OF BEECH-NUT PACKING COMPANY'S BUSINESS  
—USE OF STANDARD BEECH-NUT TRADE-MARK.**

In 1902 the company produced and sold under the Beech-Nut trade-mark hams, bacon and beef in bulk, beef in glass jars, bacon in glass jars and one pound boxes, and grape jam (R., Vol. VI, p. 2784). The growth and present magnitude of the business are shown by Plain-

tiff's Exhibits 35 and 28, and by the yearly sales of the company's products. Plaintiff's Exhibit 35 (R., Vol. VI, pp. 2784 to 2814) is a summary of Beech-Nut products year by year from 1902 to 1923. This summary was prepared from the Beech-Nut Packing Company's price lists by W. H. Maichle, the company's New York division manager. (R., Vol. V, p. 2457.) Plaintiff's Exhibit 28 is a collection of labels used by the Beech-Nut Packing Company between 1891 and 1923. The original of Exhibit 28 is a large board bearing specimens of the labels. On the following pages, 18a and 18b, there is a photograph of Exhibit 28. The yearly sales of the Beech-Nut Company from 1903 to 1921 are shown in the following tabulated statement which is in evidence. Owing to the burning of the plant the records of the Beech-Nut Company prior to the year 1903 are not in existence (R., Vol. IV, pp. 2157-2158, Qs. 21-22).

PLAINTIFF'S EXHIBIT NO. 28—BOARD: BEECH-NUT LABELS DISPLAYED  
BEFORE THE PUBLIC, 1891-1921.

ILLUSTRATIVE COLLECTION — BEECH-NUT LABELS

1891-1895	1895-1900	1900-1905	1905-1910	1910-1915
 NEED NO JAR CAPS WILL NOT RUST LABEL STAYS ON JAR OPENLY AFTER 1001	 WILL NOT RUST LABEL STAYS ON JAR OPENLY AFTER 1001	 WILL NOT RUST LABEL STAYS ON JAR OPENLY AFTER 1001		
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				
				

DISPLAYED TO THE PUBLIC 1891-1921

1910-1915

1915-1919

1919-

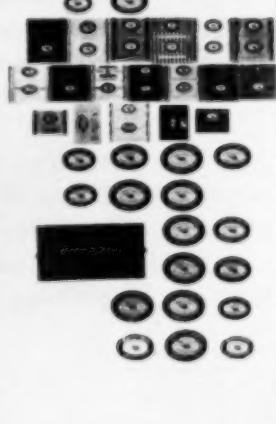
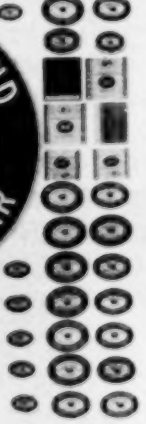
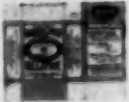
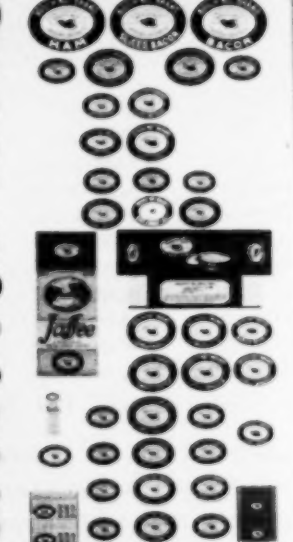
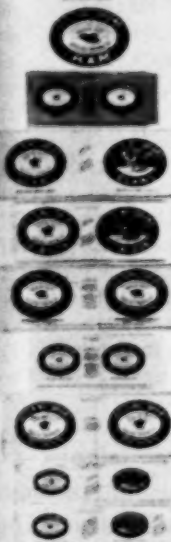
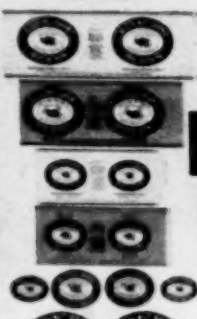
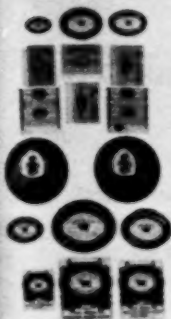




TABLE OF SALES STATISTICS, BEECH-NUT PACKING  
COMPANY, 1903-1921.

	Total Sales.	Reg. Line.	Gum.	Comp. Tab. Misc. Conf. Rev.
1903	\$ 563,764.37	\$ 563,764.37	\$	\$
1904	832,906.10	832,906.10		
1905	1,000,986.83	1,000,986.83		
1906	1,267,877.81	1,267,877.81		
1907	1,293,059.92	1,293,059.92		
1908	1,408,481.33	1,408,481.33		
1909	1,950,534.60	1,950,534.60		
1910	2,555,315.85	2,555,315.85		
1911	2,838,384.99	2,819,441.56	18,943.43	
1912	3,179,337.79	2,778,822.00	400,515.79	
1913	4,112,592.99	2,681,110.07	1,431,482.92	
1914	4,966,337.76	2,484,854.93	2,480,023.48	1,459.35
1915	5,703,945.39	2,258,356.76	3,288,521.35	157,067.28
1916	6,598,385.15	2,681,685.97	3,632,127.15	284,572.03
1917	7,363,678.56	3,407,467.30	3,594,864.53	361,346.73
1918	6,754,967.21	4,502,462.68	1,853,038.28	399,466.25
1919	8,979,586.35	5,378,607.40	2,233,860.24	1,367,118.71
1920	11,138,226.51	5,435,324.37	3,955,902.00	1,747,000.14
1921	12,109,573.68	4,618,207.28	6,281,945.41	1,209,420.99

(R. Vol. I, pp. 867, 868.)

A stipulation of facts explanatory of the foregoing tabulated statement appears at page 869 of Volume I of the Record. The figures in the first column represent the total sales, in the second column the sales of the "regular line" of goods produced by the company, the third column the sales of chewing gum, and the fourth column the sales of compound tablets (candy), miscellaneous confectionery, beverages, etc.

Owing to the fire in 1903 above referred to, but little documentary or physical evidence of any kind relating to the period prior to 1903 has survived. Following are references to a few things which have been preserved.

Plaintiff's Exhibit No. 31 is a specimen of a sample



box in which the Imperial Packing Company packed samples of Beech-Nut bacon in the year 1891. A photographic copy of this box appears at page 2780 of Volume VI of the Record, and the testimony of the witness who had preserved it is upon pages 857 and 858 of Volume I of the Record. The word "Beech Nut" is the most conspicuous feature of the label on this box.

Beech-Nut Exhibit Stationery of 1892 is one of the business letter sheets used by the Imperial Packing Company in 1892. A photographic copy of the letter-head on this sheet appears at page 2839 of Volume VI of the Record. The testimony of the witness who produced it is on page 2177 of Volume IV of the Record. The phrase "Beech-Nut Hams and Bacon" is a conspicuous part of this letter-head, and upon it appear the names of Bartlett Arkell as president of the company and Walter H. Lipe as treasurer. Mr. Arkell is still president of the company and Mr. Lipe was vice-president and general manager of the company when he testified in this case in 1920.

Upon pages 2987 to 2997 of Volume VI of the Record are copies of four certificates of registration by the Imperial Packing Company and Beech-Nut Packing Company of the word Beech-Nut as a trade-mark, as follows: No. 19,838 for hams and bacon in 1891; No. 24,978 for pork lard in 1894; No. 35,731 for cured, dried and smoked beef in 1901; and No. 36,444 for canned goods in 1901. These early registrations do not show the trade-mark in its present form, but show the word "Beech-Nut" and the picture of a beech-nut cluster with a circular or oblong border. Certain of these four trade-marks were used as brands burned into the hams and bacon (W. H. Lipe, R. Vol. IV, pp. 2163, 2164). Mr. Lipe was unable to produce specimens of the labels originally used by the Imperial Packing Company on account of the destruction of their old records by a fire in 1903 (R. Vol. IV, p. 2164,

X-Q. 70). He stated (X-Qs. 71-72, Vol. IV, pp. 2164-2165) that his memory was that the oval border had been used as part of the trade-mark since 1892. He was corroborated in this by a witness who has been continuously in the employ of the Imperial Packing Company and Beech-Nut Packing Company since 1891 (R. Vol. I, p. 826, X-Q. 15).

Earl A. Nellis, sales manager of the Beech-Nut Company since 1906, testified to his personal knowledge of the use since 1906 of all of the labels appearing on Plaintiff's Exhibit No. 28 under date of 1906 and subsequently (R. Vol. I, p. 848, Qs. 9, 10). He testified that all of the Beech-Nut goods during the time of his employment by the company had been put out under the "regular oval label" (R. Vol. I, p. 848, Qs. 6 to 10).

In the year 1912 the number of products listed by the Beech-Nut Packing Company on its price lists and being extensively made and sold was forty-one (Plaintiff's Exhibit 35, R. Vol. VI, pp. 2797-2798). In the same year, 1912, the company registered its Beech-Nut trade-mark in the Patent Office for sixty-seven products, all of which it sold to a greater or less extent. (The 1912 Patent Office certificate of registration is reproduced at page 2867 of Vol. VI of the Record). As shown by Exhibits 35 and 28 (R. Vol. VI, pp. 2784 to 2814, and pp. 2777-2778) above referred to, and by the tabulated statement reproduced above (*ante*, p. 19), the volume of business and number of products have continued to increase up to the time of the trial of this suit.

In 1923 (the latest year regarding which the record contains evidence) the number of products extensively sold was sixty. The principal product in volume of business is chewing gum as shown by the statement (*ante*, p. 19), the business in chewing gum in the last year reported, 1921, amounting to more than the combined busi-

ness in all other products. The manufacture and sale of chewing gum was commenced in 1911 as shown by the yearly price lists (R. Vol. VI, pp. 2795 to 2814) and Mr. Barbour's testimony (R. Vol. I, p. 788). The tabulated statement of sales, *ante*, p. 19, shows that the chewing gum business has increased rapidly and continuously during all of the time since 1911 with the exception of two of the war years. Among the other products are hard candy lozenges, mints and fruit tablets (put up in small packages and sold largely on tobacco stands), peanut butter, condiments, conserves, jellies, beverages, ham, bacon and a large variety of food products.

**OVER SEVEN BILLION LABELS BEARING THE BEECH-NUT TRADE-MARK USED BY THE BEECH-NUT PACKING COMPANY PRIOR TO THE END OF THE YEAR 1921.**

Christina Carswell, statistician of the Beech-Nut Packing Company, produced from the records of the company a statement showing the number of Beech-Nut labels used year by year from 1903 to 1921 upon packages of goods sold by the company, the total number for the period covered being over seven billion (R. Vol. I, p. 839). She testified that the statement of the number of labels produced by her included only "the Beech-Nut labels with the red band" (R. Vol. I, pp. 845-846, X-Q. 28).

**THREE MILLION DOLLARS EXPENDED IN ADVERTISING BEECH-NUT PRODUCTS PRIOR TO THE END OF THE YEAR 1921.**

Prior to the end of the year 1921, in which year the bill of complaint herein was filed, the Beech-Nut Packing Company had expended three million dollars in advertising its name "Beech-Nut," its variety of goods and the high quality of all of its goods. (Testimony of Walter H. Lipe, who in response to Q. 35, R. Vol. IV, p. 2159, pro-

duced the tabulated statement appearing at page 2204 of Vol. IV, and also testimony of Van Wie, R. Vol. I, p. 818, Qs. 6 to 9.)

In all of their advertising the company emphasizes the high quality and character of its products (Barbour, R. Vol. I, p. 782, Q. 5). The advertising appropriation for 1920 was \$500,000, for 1921 \$550,000, and a still larger expenditure was anticipated for 1922, the testimony of the witness on this point having been taken before the expiration of the last-named year (Van Wie, R. Vol. I, p. 818, Qs. 6, 7, 8). The mediums of advertising are newspapers, periodicals, billboards, posters and the distribution of samples of the various products as fully described in the testimony of officers and employees of the company. (Barbour, R. Vol. I, p. 782, Q. 3; p. 787, Q. 19; Kearns, R. Vol. I, p. 801; Plaintiff's Exhibits 21 to 26, scrap-books containing samples of advertisements; Van Wie, R. Vol. I, p. 818; Carswell, R. Vol. I, p. 838.)

**POLICY OF BEECH-NUT PACKING COMPANY TO SELL UNDER THE BEECH-NUT TRADE-MARK ONLY GOODS OF THE HIGHEST QUALITY AND CHOICEST VARIETY, AND TO THEREBY GAIN FOR NEW PRODUCTS THE BENEFIT OF THE HIGH REPUTATION OF THE PRODUCTS PREVIOUSLY SOLD.**

The acceptance by the public of new products bearing the word "Beech-Nut"—referred to in detail in Part IV of this statement—as of the same origin as the goods previously marketed under the Beech-Nut trade-mark was due not only to the public knowledge of the fact that new commodities had been and were being from time to time added to the line of goods bearing the Beech-Nut trade-mark, but was also due to a considerable extent to the fact that a large part of the public, especially jobbers and wholesalers, were acquainted with the fact that the Beech-Nut goods were produced and dealt in by the

Beech-Nut Packing Company. Both the corporate name and the trade-mark served to identify the company's products as "Beech-Nut" products.

The company's fixed policy of instilling in the public mind the belief that new products bearing the Beech-Nut trade-mark would be of the same high quality as the products previously marketed is described in the following passage quoted from the testimony of Francis E. Barbour, vice-president and manager of the Beech-Nut Packing Company:

" . . . We have determined never to offer for sale any article under the Beech-Nut label until we are satisfied that it is better than any similar article." (R. Vol. I, p. 782, Q. 3.)

Mr. Barbour continues:

" . . . We expect that our reputation of the past will help make an easy market for us in the future with whatever new lines we may bring out from time to time." (R. Vol. I, p. 782, Q. 5.) . . .

"We have sold, for so many years, on our reputation; in selling the trade not only the individual articles which we make, but also the name of Beech-Nut, its reputation for character and flavor, that when we bring out any new article, the consuming public, retailers and jobbers, are willing to accept any new articles we bring out under the name 'Beech-Nut,' and give us an opportunity to demonstrate to them that it is going to satisfy them—that is, the jobbing trade. They are mighty good to us; when we bring out a new product, they give our boys an order. After they have once tried it, we have got to make it good enough so they will continue to buy it." (R. Vol. I, p. 783, Q. 6.) . . .

"Well, we have spent over twenty-five years in building up the present good-will and reputation for character and high quality that it is absolutely obligatory that we make everything we bring out of a high character which will compare favorably with what people have enjoyed in the past, so that when they take any new article we bring out they will feel

full assurance that it will match up in character and quality with what has given them satisfaction under the Beech-Nut name in the past." (R. Vol. I, p. 783, Q. 7.) . . .

" . . . We have been six or seven years in developing a salted peanut, and we have not mastered the production of salted peanuts to our satisfaction yet. There are a number of salted peanuts on the market, put out under some very well known brands, which have been well advertised and highly exploited, and which are enjoying a very large trade, as we understand it, but none of them, in our estimation, is good enough to bear the Beech-Nut trade-mark." (R. Vol. I, p. 784, Q. 9.)

In order to avoid impairing the significance of the Beech-Nut trade-mark as a symbol of goods not only of the best quality but also of the choicest variety, the Beech-Nut Company used other trade-marks—"Mohawk," "Holly" and "Erie"—on the less choice but wholesome cuts of meat, although of negligible quantity. The policy of the Beech-Nut Company in this regard is explained by Earl A. Nellis, sales manager of the company (R. Vol. I, pages 852-853, X-Qs. 50 to 53), and Walter H. Lipe, one of the founders of the company and its vice-president and general manager at the time he testified (R. Vol. IV, p. 2165, X-Q. 73).

## PART II.

### **The Lorillard Company's Adoption of the Beech-Nut Trade-Mark, the Protest Made By the Beech-Nut Packing Company in 1915, the Lorillard Company's Reply, and Discovery in 1920 That the Reply Was a Misrepresentation of the Facts.**

In the year 1915 the P. Lorillard Company commenced the manufacture of a new scrap tobacco mixture which it marketed under the trade-mark "Beech-Nut." A specimen of the package as put out for the first time in 1915 appears on page 8, *ante*, the original exhibit having been attached to the bill of complaint (R. Vol. I, p. 17). The label as used ever since by the Lorillard Company is identical with that first used in 1915 except that the word "Scrap" has been replaced by the word "Chewing."

When, in 1915, the Beech-Nut Packing Company first learned that P. Lorillard Company was marketing scrap tobacco under the Beech-Nut label, Mr. F. E. Barbour, vice-president of the Beech-Nut Packing Company, under date of June 11, 1915, wrote a letter of protest to P. Lorillard Company. This letter and the ensuing correspondence are contained in Defendant's Exhibit No. 18 (R. Vol. VI, pp. 2886 to 2923). In this letter (R. Vol. VI, pp. 2888-2890) Mr. Barbour explained the long use and widespread recognition upon products of all kinds of the Beech-Nut trade-mark. He stated that the Beech-Nut Packing Company had not yet manufactured tobacco, but that "the taking on of such manufacture in the future is by no means impossible or improbable." In this letter Mr. Barbour set forth the fact that the use of the Beech-Nut trade-mark by the Lorillard Company seemed explainable to the Beech-Nut Packing Company only on the ground of an intention on the part of the Lorillard Com-

pany that the public should be deceived. He expressed his confidence that the Lorillard Company would recognize the justice of the Beech-Nut Packing Company's position and that no necessity would arise for following any harsher course to enforce recognition of its rights. Under date of June 23, 1915 (R. Vol. VI, p. 2891), the Lorillard Company acknowledged receipt of the letter above mentioned, and asked that the Beech-Nut Packing Company state when they first began the use of the name Beech-Nut.

Under date of July 2, 1915 (R. Vol. VI, pp. 2892-2893), the Beech-Nut Packing Company wrote to the Lorillard Company informing them that the Beech-Nut trade-mark had been used by the Beech-Nut Company and its predecessors since and prior to 1891, and adding that the Beech-Nut Packing Company knew as an absolute truth that the public was in fact deceived, and that the Lorillard "salesmen and agents deliberately push your goods and trade under this identity of use of their mark and name."

On July 8, 1915, the Lorillard Company wrote a letter to the Beech-Nut Packing Company in which the following statement occurs:

"You seem to proceed upon the assumption that we have recently begun to use the name on the tobacco. This is not the case. This Company and its predecessor in ownership of this brand have used it continuously since prior to the year 1898, as shown by records in my office." (R. Vol. VI, p. 2893.)

In his letter of July 26, 1915, addressed to the Lorillard Company, Mr. Barbour states that his company

"will greatly appreciate it if you will send us samples of your product showing the manner of use of the word 'BEECH-NUT' since the year 1898, copies of advertisements or of letter-heads showing your use of this name." (R. Vol. VI, p. 2895.)

Under date of September 15, 1915, the Lorillard Com-



pany through its counsel, Thos. S. Fuller, wrote to the Beech-Nut Packing Company. Following is the opening paragraph of the letter:

"I have been able to locate some old price lists which contain our Beech-Nut Scrap Tobacco, and enclose them herein. I am also sending you an old package showing the use of the name 'Beech-Nut' and our present package." (R. Vol. VI, p. 2897.)

A reproduction of the "old package" referred to is mounted on page 9, *ante*. Mr. Fuller's letter continues with a statement that "Beech-Nut chewing and smoking tobacco (scrap) was made by Harry Weissinger Tobacco Company," with an explanation of the assignment of the Weissinger business to the Luhrman & Wilbern and American Tobacco Companies and the acquisition of the Luhrman & Wilbern Company by the Lorillard Company by decree of the United States Circuit Court for the Southern District of New York [in pursuance of the judgment of this Court that the American Tobacco Company was a combination in restraint of trade, 221 U. S. 106. The decree of the Circuit Court appears at the end of its opinion (191 Fed. 371, 417)]. This explanation was given in order that the Beech-Nut Packing Company might understand the bearing of the price lists in the name of Luhrman & Wilbern and the package in the name of Harry Weissinger Tobacco Company, as stated in the next paragraph of Mr. Fuller's letter.

Under date of September 20, 1915 (R. Vol. VI, p. 2901), the Beech-Nut Packing Company acknowledged receipt of the letter last mentioned, stating that the letter was a very interesting one and that before giving a definite reply they desired to review the matter, and concluding with a repetition of their statement that widespread deception of the public was taking place. In a previous letter to the Lorillard Company, dated September 2, 1915 (R. Vol. VI, p. 2896), the Beech-Nut Packing Com-

pany had informed the Lorillard Company that the Beech-Nut Packing Company had that day received an inquiry from The New River Grocery Co. at Hinton, W. Va., asking the best jobbing price on Beech-Nut scrap tobacco, and the letter of September 20, 1915, concludes with a further reference to this occurrence and with the statement that since writing their last letter the Beech-Nut Company had received another inquiry, this time from Wm. Edwards Co. of Cleveland, Ohio, asking them to ship five cases of Beech-Nut scrap tobacco.

The 1915 correspondence came to an end with this letter. The significant points of this correspondence are that the Lorillard Company definitely and distinctly stated that that company and its predecessors had used the Beech-Nut trade-mark continuously since prior to the year 1898 as shown by the records in their office, and that in response to the Beech-Nut Company's inquiry as to the "manner of use" of the word "Beech-Nut" the Lorillard Company sent the Beech-Nut Company one of the Harry Weissinger Beechnut tobacco packages. This representation made by the Lorillard Company constituted a statement of complete and perfect right to use the word BEECH-NUT in any proper way as a trade-mark for scrap tobacco unless the Beech-Nut Packing Company could show the existence of a superior right extending back to the year 1898. The Beech-Nut Packing Company could prove no such superior right in the year 1898 and, well knowing this fact, did not press its protests further and made no further communication to the Lorillard Company after Mr. Barbour's letter of September 20, 1915.

As shown by the testimony hereinbefore referred to, the Beech-Nut Packing Company was a relatively small enterprise in the year 1898. As late as the year 1903, its

total sales of the eight Beech-Nut products then produced amounted to only about half a million dollars. (R. Vol. I, p. 867; Vol. VI, p. 2784.) It was not until several years later than 1903 that the business of the Beech-Nut Packing Company and its reputation had become sufficiently widespread to lead the public to the belief that any packaged consumable product carried by retail grocers, delicatessen dealers, drug stores, cigar-stands, tobacco merchants, etc., and bearing the Beech-Nut name, was its product. In the year 1898 when the Harry Weissinger Tobacco Company in Louisville Kentucky, was putting out scrap tobacco under its BEECHNUT label, and the Beech-Nut Packing Company was dealing in a half dozen food products in a relatively small way at Canajoharie, N. Y., each of these parties in all probability, and so far as shown by the record, was unknown to the other and there was little possibility of deception of the public. Geographically they were widely separated. They were putting out different products. The labels used by them had no resemblance other than in the fact that each of the labels bore the word "beech nut," and even this word was differently represented on the two labels, the word being hyphenated upon the Beech-Nut Packing Company label and written continuously upon the Weissinger label.

It is not at all likely that in 1898 there was any confusion in the public mind between the local scrap chewing tobacco business of Harry Weissinger in Louisville Kentucky, and the relatively small packing business conducted by the Beech-Nut Packing Company at Canajoharie, New York, and in 1915 there certainly would have been no possibility of adducing evidence to prove the presence or absence of confusion in 1898. But in the year 1915, long after the Beech-Nut Packing Company's name and its

Beech-Nut trade-mark had become familiarly known throughout the entire country, confusion in business of the most widespread character was caused by the Lorillard Company's adoption of an essentially exact copy of the Beech-Nut Packing Company's Beech-Nut trade-mark. The representation made by the Lorillard Company in 1915 had the effect of making the facts that existed in 1898 determinative of the rights of the parties instead of the facts existing in 1915.

If the Lorillard Company and its predecessors in title had in fact used the original, unchanged Weissinger label continuously since 1898 as a trade-mark for tobacco, it might be that confusion still would have arisen in the minds of purchasers as to whether or not the Beechnut tobacco and the extensive line of Beech-Nut products were produced by the same company. But in that case there would have been no legal remedy for the confusion caused by the Lorillard use of the word Beech-Nut. In 1898 there was no clash of legal rights between Harry Weissinger's use of his "Beechnut" label on scrap tobacco in a small business conducted at Louisville, Kentucky, and the Beech-Nut Packing Company's use of the word "Beech-Nut" on an entirely different label and for different commodities in a small business at Canajoharie, New York. Each party in its business as conducted in 1898 would have had a perfect legal right at that time to use its label, and if confusion subsequently arose from the continued use of the Weissinger label in its original form, *i. e.*, without change to simulate the Beech-Nut Company's label, such confusion would have been by reason of the growth of the business conducted by one or both of the parties. Such confusion, arising in a perfectly innocent and legal way, though unfortunate,

could not be remedied by the law.\* And the Lorillard Company represented that this was the situation which actually did exist.

In brief and argument below the Lorillard Company contended that the Beech-Nut Company had acquiesced in the Lorillard Company's use of the Beech-Nut trademark and in support of this contention referred to the fact that orders for Beech-Nut Scrap Chewing tobacco sent to the Beech-Nut Packing Company were forwarded by the latter to the Lorillard Company. The only significance in this circumstance is that it shows that the Beech-Nut Packing Company so completely relied upon the truthfulness of the representation made in 1915 by the Lorillard Company that it courteously forwarded to the Lorillard Company orders for Beech-Nut tobacco which were sent to the Beech-Nut Company. The orders for Beech-Nut tobacco which were sent to the Beech-Nut Packing Company are referred to more in detail in connection with the deception of the public (Part IV of this Statement of the Case, *post*, p. 88).

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\* Inasmuch as the law of trade-marks and unfair competition, insofar as questions of interstate commerce are not involved, is state law as distinguished from United States law the conflicting claims of different parties to the right to use a trade-mark within the limits of any state would depend upon priority of adoption in that state, and if, as between two parties, one was the first to adopt the trade-mark in one state, and the other the first to adopt it in another state, the trade-mark would belong to one of the parties in one state and to the other in the other state. If the subsequent growth of the business of either or both of the parties brought about a conflict in other states, not involving interstate commerce, the conflict in each of such other states could be resolved only by the law of such other states. A situation of this kind existed in the Hanover Star Milling Co. case, 240 U. S. 403, and the foregoing is in consonance with both the opinion of the entire court and the separate concurring opinion. The point is not involved in the case at bar, and is referred to only as indicating that situations might arise to which the statement in the text to which this note is appended would not apply without the qualification that if the confusion between the two businesses arose from their extension into states previously unoccupied by them, then the conflict, in intrastate commerce, would be governed by the law of the newly occupied states.

The Lorillard Company's statement that its office records showed that it and its predecessors had used the word Beech-Nut as a trade-mark for tobacco continuously since 1898 had its intended and perfectly natural effect, namely, the effect of silencing the protest made in 1915 by the Beech-Nut Packing Company against the Lorillard Company's use of the Beech-Nut trade-mark. The Beech-Nut Company remained silent on the subject until 1920 when the officers of the Beech-Nut Company learned that the Lorillard Company had in 1915 misrepresented the facts in stating that it and its predecessors had used the word Beech-Nut on tobacco continuously since 1898. But during all the years following 1915 the Lorillard Company had full knowledge of the fact that the Beech-Nut Packing Company claimed and asserted its right to the Beech-Nut trade-mark to the exclusion of all tobacco manufacturers and dealers other than the Lorillard Company. The Lorillard Company's knowledge of this fact carried with it knowledge of the fact that the Beech-Nut Company had suspended its opposition to the Lorillard Company's use of the Beech-Nut trade-mark solely on account of the Beech-Nut Company's belief of the Lorillard Company's statement that its rights dated continuously from the year 1898. The alleged continuous use since 1898 was the sole circumstance that differentiated the status of the Lorillard Company from that of other tobacco manufacturers and dealers, and during the years subsequent to 1915, when the Beech-Nut Company suspended its protest, the Lorillard Company knew that the Beech-Nut Company was objecting to the use of the word Beech-Nut as a trade-mark by other tobacco manufacturers and dealers, and the Lorillard Company at the suggestion of the Beech-Nut Company instituted legal proceedings to suppress the use of the Beech-Nut trade-mark by another tobacco manufacturer and dealer.

On July 7, 1919, the Beech-Nut Packing Company informed the P. Lorillard Company by letter of that date (R. Vol. VI, p. 2904) that a firm in Pittsburgh was trading under the name "Beech-Nut Stogie Co." By letter of July 9, 1919, the Lorillard Company acknowledged receipt of the information regarding the Beech-Nut Stogie Company, expressed its thanks for the information and stated that the matter would have prompt attention. Under date of July 25, 1919, Mr. B. Arkell, president of the Beech-Nut Packing Company, wrote to Mr. Thomas J. Maloney, president of the P. Lorillard Company (the letter appears at page 2910 of Vol. VI of the Record), inclosing a letter concerning the Beech-Nut Stogie Company which had been written by James R. Offield, counsel for the Beech-Nut Company, to Mr. W. C. Arkell, Mr. B. Arkell's son. (Mr. Offield's letter appears at p. 2909, R. Vol. VI.) In his letter Mr. Offield stated that the fact that the Beech-Nut Company had filled orders (for chewing gum) for the Beech-Nut Stogie Company without making any complaint would have a bearing upon the Beech-Nut Company's right to recover damages, but that he doubted if it would have any bearing upon the Beech-Nut Company's right to stop the use of the Beech-Nut trade-mark by the Beech-Nut Stogie Company. Mr. Offield concluded his letter with a recommendation that the matter be called to the attention of the Lorillard Company so that they could take action against the Beech-Nut Stogie Company, as he thought the Lorillard Company was in a better position to take such action than the Beech-Nut Company. By letter of July 28, 1919 (R. Vol. VI, p. 2911), the president of the Lorillard Company acknowledged receipt of Mr. B. Arkell's letter of July 25 inclosing Mr. Offield's letter regarding the Beech-Nut Stogie Company, and stated that the Lorillard Company

was "now opposing in Washington an attempted registration by this concern of the name 'Beech-Nut' for some tobacco products," and that this was the beginning of measures "which we hope will result in stopping the use of the name by this concern for tobacco products."

Nothing could be more clear than that at the time of this correspondence the Beech-Nut Company was asserting its right to stop the use of the Beech-Nut trade-mark by any tobacco manufacturer or dealer other than the Lorillard Company, and that the Lorillard Company was fully informed of that fact and co-operated with the Beech-Nut Company in its desire to enforce its rights against tobacco dealers other than the Lorillard Company. As above stated, the only circumstance that differentiated the Lorillard Company from the Beech-Nut Stogie Company or any other tobacco dealer was the fact that the Lorillard Company had represented to the Beech-Nut Company in 1915 that the Lorillard Company had a right in the trade-mark use of the word "Beech-Nut" based upon continuous use since 1898. The Lorillard Company necessarily knew that its representation of continuous use since 1898 was what gave it a favored position among tobacco dealers. What the Lorillard Company has urged as the Beech-Nut Company's acquiescence was inaction induced by the Lorillard Company's misrepresentation of the facts.



**CONTROVERSY IN 1919 AND 1920 REGARDING EXTENSION OF  
LORILLARD COMPANY'S USE OF BEECH-NUT TRADE-MARK  
TO CIGARETTES LEADS TO DISCOVERY OF FALSITY OF REP-  
RESENTATION MADE IN 1915 BY THE LORILLARD COMPANY.**

As stated by Mr. Belt, vice-president of the Lorillard Company, the latter considered for a long time putting on the market a cigarette of the blended type, but deferred doing so on account of the difficulty of getting the necessary materials during the war "and did not actually get the cigarette in question, Beech-Nut, on the market until in the spring of 1921." (R. Vol. V, p. 2593.) The label used appears as Plaintiff's Exhibit No. 1 herein (R. Vol. VI, p. 2708) and is reproduced on page 12, *ante*. Mr. Lipe, who was then vice-president and general manager of the Beech-Nut Packing Company, testified that he knew of the intention of the Lorillard Company to put a Beech-Nut cigarette on the market, and gave the date of his learning this fact as within two years, maybe a little over a year before August 3, 1920, when he testified (R. Vol. IV, p. 2172, X-Qs. 122, 123).

In July, 1919, a conference was held between Mr. Lipe and Mr. Bartlett Arkell, representing the Beech-Nut Company, and Mr. Maloney president of the Lorillard Company (R. Vol. IV, p. 2172, X-Q. 119). Mr. Lipe gave the following account of this conference:

"I remember Mr. Maloney said they had ordered a lot of labels. We talked about their changing the label. It was some sort of a conversation like this. We said the labels on the Beech-Nut cigarettes, for instance, looked like a Beech-Nut label, had same style of letters. There was some talk as to if or not they would change, at least the lettering, and the same color of label so that they did not copy our letters, copy our color and should change their slogan so that it did not mean 'Beech-Nut' to the average person.

"X-Q. 126. It was not a question of the word 'Beech-Nut'?"

"A. We never got to that. We had doubts about it, but I do not remember there was anything said about it. We had a long talk but I do not remember every word.

"X-Q. 127. The main discussion in your interview, as you remember it, was the label?"

"A. Style of letters, color, etc. When we came away we felt that we had not gained anything—that we had not found a common ground. I think my memory is pretty clear on this that Mr. Maloney inferred if we would consider reimbursing them for the amount they had paid out for the labels, they would change the label or discontinue. That is the impression he gave me. I would not say that was really spoken, but I gathered if we said to him we would make good for the money put into these labels, he would have said they would quit. Possibly he did not intend that at all.

"X-Q. 128. As you understand it, if you had reimbursed them for the labels he would have changed the style of labels?"

"A. I would not say that he said that, but that was the inference—he would change it or something like that." (R. Vol. IV, pp. 2173-2174.)

Mr. Maloney in his letter of July 15, 1919, to Mr. Arkell (R. Vol. VI, p. 2907) said that "Pursuant to our interview, I am sending you by registered mail, under separate cover, a sample of the old package for Beech-Nut cigarettes, also one showing color scheme for the new package." He also stated that the cost of this change would be \$10,231.36 and that he felt sure the Beech-Nut Company would not permit the Lorillard Company to suffer such a loss. At this time the Lorillard Company had not put its Beech-Nut cigarette on the market. Mr. Belt, vice-president of the Lorillard Company, said (R. Vol. IV, p. 2262) that prior to May, 1919, the Lorillard Company was "in a position of entire readiness to make this brand and place it on the market"

and that, though many of the cigarettes had been made and packed in packages, the company considered the time unfavorable for marketing this brand. He produced a specimen of the packages in which these Lorillard Beech-Nut cigarettes were inclosed in 1919, a photograph of which appears at page 2973 of Vol. VI of the Record. In his testimony appearing at page 2593 of Volume V of the Record, Mr. Belt says that the Lorillard Beech-Nut cigarette was first put on the market in the spring of 1921.

The "old package" referred to by Mr. Maloney in his letter of July 15, 1919, is that represented by the photograph on page 2973 of Volume VI of the Record. No specimen of the "new package" referred to by Mr. Maloney is in evidence and it does not appear ever to have been used. The original package shown on page 2973 of Volume VI (the "old package" referred to by Mr. Maloney) bore at the left-hand end of the wrapper, as there shown unfolded, the inscription or slogan: "Cigarettes of Beech-Nut quality have never before been offered to the public." This obvious reference to the Beech-Nut Packing Company's reputation as a producer of goods of the highest quality does not appear on the package in which the cigarette is now sold, a specimen of which is mounted on page 12, *ante*.

Mr. Arkell, under date of July 17, 1919, acknowledged receipt of Mr. Maloney's letter of July 15 and stated that payment by the Beech-Nut Company for the cost of the proposed change in the package was not in accord with his recollection of their interview. Mr. Maloney in his letter of July 28, 1919, to Mr. Arkell (R. Vol. VI, p. 2911) adhered to his position that the Beech-Nut Company should defray the cost of the proposed change in the Lorillard cigarette package.

Upon August 7, 1919, Mr. Barbour, vice-president of

the Beech-Nut Packing Company, wrote to the Lorillard Company stating that Mr. Arkell had no recollection of any mention of the advertising matter or wrappings and that Mr. Lipe, also a member of the Beech-Nut Packing Company, while remembering some mention of it, did not remember any mention of the quantity and that "neither of these gentlemen gained the inference that you would expect the Beech-Nut Packing Company to absorb the cost of these supplies." (R. Vol. VI, p. 2913.) In this letter of August 7 Mr. Barbour also suggested that the Lorillard Company use for the cigarette a wrapper like that on the Lorillard Beech-Nut Tobacco in order to "apprise the prospective purchaser that the cigarettes are made by the same company making the popular Beech-Nut tobacco." In the following paragraph of the same letter (R. Vol. VI, bottom of page 2912) Mr. Barbour states that if the Lorillard Company does not care to follow the suggestion offered above he hopes the Lorillard Company will abandon the red background and change the same to blue or some other color and will also change the style of printing.

On September 17, 1919, Mr. Maloney, president of the Lorillard Company, wrote to Mr. Arkell, president of the Beech-Nut Packing Company, stating that the Lorillard Company was about to file in the Patent Office an opposition to the registration by the Beech-Nut Packing Company of the word "Beech-Nut" as a trade-mark for cigarettes, and stating that he, Mr. Maloney, had understood from the interviews and correspondence with Mr. Arkell prior to the filing of the application for registration that the Beech-Nut Packing Company "did not intend to press this application." (R. Vol. VI, p. 2917.)

On June 25, 1919, the Beech-Nut Packing Company had filed its application in the Patent Office

for registration of the word "Beech-Nut" as a trade-mark for cigarettes (R. Vol. VI, p. 2821), having previously had the American Tobacco Company put up some cigarettes in boxes bearing the word "Beech-Nut" as a trade-mark (R. Vol. I, p. 791, X-Qs. 49-53).

These few boxes of cigarettes put out by the Beech-Nut Packing Company before applying for trade-mark registration bore the word "Beech-Nut" but not the oval border and picture of a beech-nut cluster (R. Vol. IV, p. 2169, X-Qs. 96-103), but later the witness, Mr. Lipe, produced two Beech-Nut cigarette labels of the same oval design as used by the Beech-Nut Company upon its other products and stated that his memory was that they "could not get those labels for ten days or two weeks." Mr. Lipe also said that if the Beech-Nut Company had sold any more cigarettes they would have sold them with the standard oval label. (Witness' statement following his answer to X-Q. 108, R. Vol. IV, p. 2170). The standard oval cigarette label was offered in evidence (R. Vol. IV, p. 2175) and appears at page 2999 of Vol. VI of the Record. These few boxes of cigarettes sold by the Beech-Nut Company as a foundation for the application for registration were the only cigarettes ever sold by the Beech-Nut Company.

After some further correspondence the Beech-Nut Packing Company informed the Lorillard Company in its letter of October 8, 1919, that the Beech-Nut Company did not feel disposed to reimburse the Lorillard Company "for losses sustained by reason of adopting trade-mark and common law property which rightfully belongs to this company." (R. Vol. VI, p. 2920.) This is followed by the statement that the position of the Beech-Nut Packing Company is "that regardless of the trade name or mark 'Beech-Nut' your company adopted our oval trade-mark and our general color scheme and

other embellishments for your cigarette package, and this your company had no right to do regardless of any rights that you may have had in so far as the name Beech-Nut is concerned." The distinction which Mr. Barbour makes, in the statement just quoted, between the Lorillard Company's use of the word "Beech-Nut" and their use of "our oval trade-mark and our general color scheme and other embellishments" clearly shows that the attitude of the Beech-Nut Packing Company was based squarely upon its belief that the Lorillard Company had a legal right to use the word "Beech-Nut," that word having formed a part of the old Weissinger Beechnut trademark which the Lorillard Company represented had been used continuously by it and its predecessors since the year 1898. Mr. Barbour's reliance on the Lorillard Company's representation is explicitly shown by his reference to the Lorillard Company's use of the Beech-Nut Packing Company's entire trade-mark and his statement that "this your company had no right to do regardless of any rights that you may have had in so far as the name Beech-Nut is concerned."

The correspondence comes to an end with the letter of October 15, 1919 (R. Vol. VI, p. 2922), written by Mr. Maloney, to the Beech-Nut Packing Company, which letter concludes with a statement to the effect that if they had failed to arrive at an amicable settlement the Lorillard Company would like the return of the sample packages which had been sent to the Beech-Nut Company.

The application of the Beech-Nut Packing Company for registration of the word Beech-Nut was published in the Patent Office Gazette of September 9, 1919, and within thirty days of that date, as required by Section 6 of the Trade-Mark Act of February 20, 1905, Ch. 592 (33 Stat. L. 724), the Lorillard Company filed in the

Patent Office a notice of opposition to the registration applied for by the Beech-Nut Packing Company. The testimony taken in the ensuing opposition proceeding has by stipulation (R. Vol. I, p. 871) been admitted as part of the evidence in the suit at bar and forms Volume IV of the Record in this case.

In the notice of opposition by which the Lorillard Company instituted the opposition proceeding in the Patent Office it was alleged, in the second and fourth paragraphs thereof (R. Vol. IV, p. 2244), that "since about 1899, or prior thereto, the word symbol Beech Nut, has been continuously used by the opposer, P. Lorillard Company, or its predecessors in business and title as a trade-mark for tobacco products." The Beech-Nut Packing Company's answer to the notice of opposition was in the usual form, admitting the truth of both formal and material allegations which it knew of its own knowledge to be true and denying all other allegations (R. Vol. IV, pp. 2150 to 2154), among the allegations denied being that of continuous use since 1899 of the word symbol Beech-Nut by the Lorillard Company and its predecessors. This question of continuous use since 1899 thus became an issue of fact in the opposition proceeding solely because counsel for the Beech-Nut Company followed the usual course of incorporating in the answer denials of all allegations lying exclusively within the knowledge of the opposing party. Thus it came that the facts were brought out in the Patent Office proceeding. The testimony revealed the fact that the use of the Weissinger Beechnut trade-mark was discontinued in April, 1910, by the Luhrman & Wilbern Company, over a year and a half before the Lorillard Company acquired any interest in the Luhrman & Wilbern business, and that the Lorillard Company itself had never manufactured the Weissinger tobacco mixture and had never used the Weis-

singer Beechnut trade-mark. These facts, with references to the record, are set out in Part III of this statement.

The Patent Office Examiner of Interferences decided (Plaintiff's Exhibit No. 41, R. Vol. VI, p. 2821) in the opposition proceeding that the statutory provision under which the Patent Office acted precluded him from taking cognizance as a basis of his decision of any question other than the question whether plaintiff or defendant had first applied the Beech-Nut trade-mark to tobacco products, and refused to grant plaintiff's application for registration of its trade-mark for cigarettes because the Lorillard Company had applied that brand to scrap tobacco before the Beech-Nut Company had applied it to cigarettes.

The Examiner held that he could not under the statute take cognizance of the question of the legality of the Lorillard Company's use of the trade-mark upon scrap tobacco, but was bound to base his decision upon the bare fact of priority of use upon a tobacco product. The Examiner referred plaintiff to the United States courts for an adjudication of the real question at issue (R. Vol. VI, p. 2827). In developing his reasoning the Examiner ruled that the old Weissinger Beechnut trade-mark had been abandoned and that the Lorillard Company had no rights extending back of the year 1915 (Plaintiff's Exhibit No. 41, R. Vol. VI, pp. 2823-2825).

The Beech-Nut Packing Company appealed from the decision of the Examiner to the Commissioner of Patents. The Assistant Commissioner of Patents held (Plaintiff's Exhibit No. 42, R. Vol. VI, p. 2830) that the sales of cigarettes made by the Beech-Nut Packing Company were merely formal, did not constitute any real business and were not sufficient to support an application for trade-mark registration. In this proceeding in the Patent Office the Beech-Nut Packing Company con-



tended, as it does here, that it had the right to extend the use of its trade-mark to cigarettes and the right to prevent others from so using it, but the Assistant Commissioner of Patents concluded his opinion as follows (Plaintiff's Exhibit No. 42, R. Vol. VI, p. 2832):

"In the argument and in the briefs many other interesting questions are urged, but since applicant has no business on which to base its registration, the Patent Office has no jurisdiction of its case and anything we may say with respect to the other questions which might otherwise be involved would seem inappropriate."

As appears from the foregoing quotation the proceedings in the Patent Office terminated by reason of the Commissioner's ruling that because of the merely formal character of the Beech-Nut Packing Company's sales of cigarettes the Patent Office had no jurisdiction of any of the questions here in controversy.

### PART III.

#### History of the Weissinger Beechnut Brand and Business.

##### HISTORY—ORIGIN AND ASSIGNMENTS.

In or about the year 1897 the Harry Weissinger Tobacco Company of Louisville, Kentucky, adopted for scrap tobacco the label offered in evidence in the Patent Office opposition proceeding as Lorillard Patent Office Exhibit No. 14, a reproduction of which appears on page 9, *ante* (R. Vol. IV, p. 2360, Qs. 32-34, R. Vol. VI, p. 2987). Following is a statement of the several assignments of the business of the Weissinger Company as shown by the substance of the assignments which is in evidence by stipulation (R. Vol. IV, pp. 2251-2252), and by the testimony of S. E. Spence and W. R. Perkins, representing the Lorillard Company (R. Vol. IV, p. 2258 and R. Vol. V, p. 2530).

In 1903 the Weissinger Company assigned its business and tobacco brands to the Continental Tobacco Company, and the latter in that year assigned the same to the Luhrman & Wilbern Tobacco Company. Both the Continental Company and the Luhrman & Wilbern Company were at the time controlled by the American Tobacco Company, as appears from the opinion of this Court in *U. S. v. American Tobacco Co.*, 221 U. S. 106. The American Tobacco Company owned outright all of the stock of the Luhrman & Wilbern Company (221 U. S. p. 144). In the instruments effecting the assignments above mentioned the Weissinger Beechnut brand was specifically mentioned. The Luhrman & Wilbern Company made no change in the Weissinger Beechnut label other than adding its own name as shown in the reproduction (page 73, *post*) of the label as used by Luhr-

man & Wilbern (Lorillard Patent Office Exhibit No. 5, R. Vol. VI, p. 2971).

In 1911 the American Tobacco Company was adjudged by this Court (221 U. S. 106) to be a combination in restraint of trade and all of the capital stock of the Luhrman & Wilbern Company was on November 16, 1911, conveyed by decree of the United States Circuit Court (191 Fed. 371, 417, 424) from the American Tobacco Company to the P. Lorillard Company. The P. Lorillard Company to which this transfer was decreed was a new corporation "called P. Lorillard Company" which was organized by order of the Circuit Court for the purpose of receiving part of the distributed assets (Decree, 191 Fed. p. 423). The corporate existence of the Luhrman & Wilbern Company was continued after its acquisition by the P. Lorillard Company. September 1, 1913, the P. Lorillard Company as sole stock-holder of the Luhrman & Wilbern Company assigned all of the assets of that company to itself, no specific mention being made in the assignment of the Weissinger Beechnut tobacco or trade-mark (R. Vol. IV, p. 2252).

**FIRST DISCLOSED BY PATENT OFFICE OPPOSITION TESTIMONY IN 1920 THAT MANUFACTURE OF WEISSINGER BEECHNUT TOBACCO WAS DISCONTINUED PRIOR TO 1909, THAT LAST SALE WAS IN APRIL, 1910, AND THAT NONE WAS OFFERED FOR SALE AFTER 1910.**

Mr. David Ball, one of the vice-presidents of the Lorillard Company, testifying as a witness in the Patent Office opposition in 1920, produced a statement of sales showing the sales of the old Weissinger Beechnut tobacco. The statement produced by Mr. Ball is in evidence as Lorillard Patent Office Exhibit No. 1. Mr. Ball's reference to this exhibit is upon page 2255 of Volume IV of the Record, and the exhibit is printed upon

pages 2965 to 2970 of Volume VI of the Record. Ralph Bowman, bookkeeper, cost clerk and assistant cashier of the Middletown, Ohio, factory where the Weissinger Beechnut tobacco was manufactured by the several successors of the Weissinger Company, produced a record book which also contains a record of the sales of the Weissinger Beechnut tobacco. Mr. Bowman's testimony on this point extends from near the bottom of page 2317 to page 2319 of Volume IV of the Record, and the pages of the book, Exhibit D, relating to the Weissinger Beechnut tobacco are reproduced at pages 3023 to 3029 of Volume VI of the Record.

The facts shown by the statement produced by Mr. Ball, Exhibit No. 1, and those shown in the book, Exhibit D, are the same though somewhat differently arranged. Exhibit D is a statement of the sales each month, and, with the exception of the first few months in 1904, there is entered opposite the name of each month the number of pounds sold in that month and also the total sales since the beginning of the calendar year. Following are the total sales of the old Weissinger Beechnut tobacco year by year as shown by the Lorillard shipment book, Exhibit D above referred to:

1904.....	10,776
1905.....	5,130
1906.....	2,600
1907.....	2,606
1908.....	1,025
1909.....	425
1910.....	25

The 25 pounds sold in 1910 was sold in the month of April, 1910, as shown by the two entries "25" in April of that year (R. Vol. VI, p. 3027), one entry showing the amount sold in April and the other showing the total since the first of the year 1910. In each of the succeeding

months of 1910 there is a single entry of the numeral "25" after the name of the month, this being the total since the first of the year and remaining the same as no sales were made of the Weissinger Beechnut brand after April, 1910.

Mr. S. E. Spence, secretary and auditor of the Luhrman & Wilbern Company from 1904 to 1911, and since then connected with the Lorillard Company, testified as follows in the Patent Office proceeding:

"During the early years that Luhrman & Wilbern were putting out this Beechnut tobacco, after taking over the business of Harry Weissinger Tob. Co., it sold what was quite a quantity for those days, although the same might appear small today. The brand was sold in those days particularly through such states as Ohio, Pennsylvania and West Virginia. It was sold in Pittsburgh to such concerns as Jenkins, Ewart, Arbuckles and others, and in Cumberland, Md., to J. C. Orrick & Sons Co. I refer to the table of sales forming part of the stipulated deposition of Mr. Ball, Vice-President of the Lorillard Company, Exhibit 1, and make particular reference to that portion of the table covering the years 1904-1911 when I was Secretary and Auditor of Luhrman & Wilbern Tobacco Company. This table was made from the books forming the records of the Luhrman & Wilbern Tob. Co., and it will be noted that the sales gradually diminished until 1910 but twenty-five pounds were made and sold. Luhrman & Wilbern did not make and sell any Beechnut Tobacco during the years 1911-1914, as shown by said table, for the brand was not pushed during those years, as other brands were being actively marketed, and in the tobacco business, as in any other business it is necessary to actively push a brand and keep it before the public in order to keep up the sales." (R. Vol. IV, pp. 2258-2259.)

Mr. Spence added that the trade-mark was not abandoned "for Luhrman & Wilbern during those years had on hand the necessary materials such as the formula, to-

bacco, wrappers and packages necessary to fill any order" and that he "as Auditor and Credit man for this concern, would have O. K'd. any genuine order" for this tobacco. The attaching of his "O. K." to an order as auditor and credit man would have involved nothing other than his approval of the credit standing of the party giving the order, and his statement that wrappers and the formula were in existence and tobacco in stock has no force except on the untenable theory that trademark rights survive as long as wrappers endure and the raw material of manufacture is obtainable.

None of the Lorillard Company's price lists are in evidence. In the letter of September 15, 1915, of the Lorillard Company to the Beech-Nut Company (R. Vol. VI, p. 2897), reference is made to the inclosure of price lists containing entries of the old Beechnut tobacco, the letter containing the statement that the price lists said to be inclosed are dated January 2, 1904, May 6, 1907, July 1, 1910, and November 3, 1910. The last named date is the latest upon which there is any indication that the old Beechnut tobacco brand even appeared on a price list, and the price list is not in evidence.

Testimony regarding the manufacture of the Weissinger Beechnut scrap tobacco mixture was given by Herbert C. Boykin, general manager of the Middletown, Ohio, factory where this brand was manufactured after the Weissinger Company gave it up. Mr. Boykin has been employed at the Middletown factory since 1902 (R. Vol. IV, pp. 2303-4). He testified that no Beechnut tobacco was made in the years 1909 to 1914 (R. Vol. IV, p. 2310, X-Q. 49, and p. 2305, Qs. 8, 9). It appears, therefore, that the 25 pounds which was sold in April, 1910, was some old tobacco manufactured prior to the year 1909.

The testimony above referred to of Messrs. Ball, Spence, Bowman and Boykin, given in the Patent Office

opposition in 1920, shows that the Lorillard Company misrepresented the facts in 1915. As set forth above (*ante*, p. 27), when in 1915 the Beech-Nut Company protested against the Lorillard Company's use of the Beech-Nut trade-mark on scrap tobacco the Lorillard Company replied as follows:

"You seem to proceed upon the assumption that we have recently begun to use the name on the tobacco. This is not the case. This Company and its predecessor in ownership of this brand have used it continuously since prior to the year 1898, as shown by the records in my office." (R. Vol. VI, p. 2893.)

The facts as revealed in the Patent Office opposition were that the manufacture of the Weissinger Beechnut tobacco was stopped prior to the year 1909, that the last sale was made in April, 1910, and that it was never offered for sale after 1910. The Lorillard Company did not acquire ownership of the capital stock of the Lührman & Wilbern Company until November 16, 1911 (*ante*, p. 46). Therefore the manufacture of the Weissinger Beechnut tobacco had ceased at least two years and ten months, and the last sale of that tobacco was made over a year and a half before the Lorillard Company acquired the ownership of or any interest in the Lührman & Wilbern Company, and the Lorillard Company itself never, at any time, made or sold any of the Weissinger Beechnut tobacco mixture, and never sold any tobacco of any kind under the Weissinger Beechnut trade-mark. Promptly upon learning that the Lorillard Company had misrepresented the facts in 1915 the Beech-Nut Company instituted this suit.

**REASONS GIVEN BY LORILLARD COMPANY FOR ADOPTION OF THE WORD "BEECH-NUT" AS A TRADE-MARK FOR A NEW TOBACCO MIXTURE SHOW KNOWLEDGE OF DIS-USE OF WEISSINGER BEECHNUT TRADE-MARK AND OF THE FACT THAT IN 1915 IT NO LONGER WAS KNOWN TO THE PUBLIC AS A TRADE-MARK FOR TOBACCO.**

Mr. David Ball, vice-president of the Lorillard Company, gave the following explanation of the reasons that impelled him, acting on behalf of the Lorillard Company, to adopt the word Beech-Nut as a trade-mark in 1915:

"A. At the time of the dissolution of the American Tobacco Company in December, 1911, the bulk of what we term the scrap business was turned over to the Lorillard Company, and their big brand was 'Honest.' The year before the dissolution, or rather the year of the dissolution, which was 1911, *the brand of 'Honest' started to decline*, and for three or four succeeding years, the decline was gradual all the time, and that also applied to some of our other brands, and I went out myself to make a personal investigation to ascertain the cause of this decline. And after looking the field over very carefully *I decided that the taste of the consumer was changing* somewhat; that brands that were somewhat sweeter than ours seemed to be growing, and our brands that were less sweet were declining, so I came back and reported it to our president and *suggested that we endeavor to get up a new formula that would be better suited to the taste that seemed to be changing* at the present time; and after experimenting quite a while he brought over a sample package of a piece of goods that struck me as being an ideal product to put out. *So we decided to put out another brand*, and in looking around for a brand, as is our usual custom, *I referred to our list of brands to see what were in a way dormant*, and that had been turned over to us as our property by the American Tobacco Company, and one of the first brands I noticed was the brand of Beech-Nut, and that seemed to me to be a very appropriate name for this article, and we



decided to use this brand for that purpose.” (R. Vol. V, pp. 2557-2558.) (*Italics are ours.*)

“ . . . and in this investigation that I made when I went out in the territory, I found a great many people, consumers I interviewed largely, because he is the man you have got to get in the tobacco business—I found a great many consumers that were very much dissatisfied with the brands that they were using. One of the most common expressions of a consumer who is dissatisfied with the brand that he has been using, ‘Well,’ he says, ‘it ain’t as good as it used to be.’ Well, when a man gets that idea into his head that it isn’t as good as it used to be, he is looking around for something else. That was one of the causes that made me so enthusiastic in getting our president to originate a little different formula, and the fact that this formula that he originated suited the taste, hit that change that so many people were seeking at that time, was one cause backed up by the manner in which the brand was marketed.” (R. Vol. V, p. 2564.)

The “list of brands” (Defendant’s Exhibit No. 35, R. Vol. VI, pp. 2942-2955) to which Mr. Ball referred consists of sixteen closely typewritten pages containing over a thousand names said to have been applied to tobacco products by companies the assets or stock of which were allotted to the present Lorillard Company upon the dissolution by court decree of the American Tobacco Company. Mr. William R. Perkins testified (R. Vol. V, pp. 2528-2538) that he has been one of the counsel of defendant since 1911 and of the American Tobacco Company prior to 1911, and that after the decree of dissolution had been entered in November, 1911, he made a list of all the tobacco brand names appearing on the records of the companies whose assets or stock went to the Lorillard Company under the decree. From the testimony of Mr. Perkins it appears that the list contains the name of every brand appearing on the records of these companies. The list is

simply a memorandum. Its preparation was merely a clerical act involving the listing of all brands that had ever been used regardless of whether they were dead or alive. The inclusion of the word Beechnut in this list along with over a thousand other words signifies nothing other than that the word was still legible in the old books of the Luhrman & Wilbern Company.

The necessities of the situation made it impossible for the Lorillard Company to apply to their new 1915 tobacco mixture any trade-mark that was known to the purchasing public as the symbol and identification of an old tobacco mixture. The Lorillard 1915 mixture was compounded, as stated by Mr. Ball, with a different and sweeter flavor for the sole purpose of appealing to tobacco users who had ceased to buy the old mixtures. Hence Mr. Ball's care to select what he calls a "dormant" brand. In order to eliminate any possibility of the new 1915 mixture being associated by the public with the old Weissinger brand the Lorillard Company took nothing from the Weissinger Beechnut label but the word "Beechnut," and then changed that word to "Beech-Nut" and made it a part of an essentially exact copy of the Beech-Nut Packing Company's trade-mark. The absence from the Lorillard scrap tobacco label of the picture of a squirrel, which had formed so conspicuous an element of the Weissinger label, in itself showed the intention to repudiate and abandon the Weissinger trade-mark. That Mr. Ball was correct in his conclusion that the Weissinger Beechnut brand was "dormant" is shown by the facts next reviewed, which facts show that no ultimate purchaser even remembered in 1915 that any such tobacco as the Weissinger Beechnut brand had ever existed.

**IN 1915 NO ULTIMATE CONSUMER OF TOBACCO EVEN REMEMBERED THAT THE WEISSINGER BEECHNUT BRAND OF TOBACCO HAD EVER EXISTED, AND HENCE THERE WAS NO SURVIVAL IN 1915 OF ANY TRADE-MARK RIGHTS THEREIN.**

The record contains no testimony that any ultimate consumer of tobacco even remembered in 1915 or at any subsequent time that the old Weissinger Beechnut brand had ever been on the market. The only witnesses who did testify regarding the previous existence of the Weissinger Beechnut brand, outside of Lorillard Company officials and men connected with its manufacture, were a few veterans of the tobacco trade who had been connected with the business for periods ranging from fifteen to forty-five years, and some of these had no independent recollection but merely produced records and read them. We outline this testimony in Appendix F, *post* (App., p. 91). Its character and weight is fairly indicated by the fact that they were veterans and experts in the tobacco business and therefore in a better position than the ultimate consumers to remember obscure historical facts of the tobacco trade.

None of these witnesses produced any record or remembered any fact indicating sales of the Weissinger Beechnut brand later than 1908. One of them, Charles C. St. Clair, thought the reason the sale of the Weissinger Beechnut brand had ceased was because it was no longer manufactured (R. Vol. IV, p. 2281, X-Q. 34). The last purchase of Weissinger Beechnut tobacco made by the firm for which Mr. St. Clair worked was in 1903 as testified to by another witness (Nichol, R. Vol. IV, p. 2276, and note following X-Q. 17 on page 2279).

The only specimen packages of the Weissinger Beechnut brand that were produced were obtained by the

witness Gormly from an old drawer of fifteen year old samples (R. Vol. IV, pp. 2285-2290), and by the witness Orrick from an eighteen or twenty year old carton (R. Vol. IV, pp. 2272-2273). The Gormly samples bore revenue stamps canceled in 1905, the latest date at which the evidence shows that Mr. Gormly's company had dealt in the Weissinger Beechnut tobacco. Mr. Gormly said they had offered several times to give away the contents of the sample drawer containing these Weissinger Beechnut packages but "no person would take it on account of its age." (R. Vol. IV, p. 2288, X-Q. 62; p. 2283, X-Q. 74.) At the time, 1915, when the Lorillard Company adopted the Beech-Nut Packing Company's Beech-Nut trade-mark these old packages produced by Gormly had lain for ten years in the sample drawer and were the last packages shown by the evidence to have been bought by the firm in whose sample drawer they were interred; while the packages described by Orrick had already lain forgotten for some thirteen to fifteen years.

As above stated, the evidence of the witnesses here briefly referred to is digested in Appendix F, *post* (App., p. 91).

The insignificant sales of the old Weissinger "Beechnut" tobacco in the years from 1905 to 1910, and the complete cessation of sales or of even any offer or efforts to sell it after 1910 resulted in the complete obliteration of the Weissinger Beechnut brand from the memory of the purchasing public. The good-will of a business is the favorable regard in which that business is held by the public. The public cannot favorably regard a thing which it does not even remember. Therefore it is an obvious fact of this case that the good-will of the Weiss-

inger Beechnut tobacco had expired prior to the year 1915. Inasmuch as no property right in a trade-mark can exist except by association of the mark with the good-will of a business, it is an equally obvious fact of this case that in the year 1915 the Lorillard Company had no property right or right of any kind or nature in the word "Beechnut." It is conceivable that the good-will of a business, and the property right in the trade-mark which symbolizes and identifies the business, may in some instances continue to exist after, and sometimes, perhaps, long after, the business itself has been discontinued. But upon no possible theory can the good-will and trade-mark rights of a business continue after the very existence of the business and of the trade-mark as an identification of the business has been forgotten.

**FACTS SHOWING LORILLARD COMPANY'S INTENTION TO ABANDON, AND KNOWLEDGE OF ABANDONMENT OF THE WEISSINGER BEECHNUT TRADE-MARK.**

Facts already reviewed showing the Lorillard Company's intention to abandon, and knowledge of the abandonment of the Weissinger Beechnut trade-mark are: (1) the fact that the Luhrman & Wilbern Company and the Lorillard Company had discontinued the Weissinger Beechnut brand for so long a time that it was completely forgotten by the ultimate consumers; (2) Mr. Ball's selection of the Weissinger Beechnut brand because in 1915 it was "dormant"; (3) the fact that the Lorillard Company in 1915 was under the necessity of applying to the newly flavored 1915 tobacco mixture a name that would attract tobacco users who would no longer buy the old tobacco mixtures, thus making the word "Beechnut" or "Beech-Nut" unavailable except for the Lorillard Company's knowledge that this word was not known to tobacco users as a symbol or identification of any old tobacco mixture; and (4) the elimination from the Lorillard 1915 Beech-Nut scrap tobacco label of every distinguishing feature of the Weissinger Beechnut label other than the word "Beechnut," and the transformation of this word to "Beech-Nut," and its use as part of an essentially exact copy of the Beech-Nut trade-mark of the Beech-Nut Packing Company.

Further evidence of the Lorillard Company's intention to abandon, and knowledge of the abandonment of the Weissinger Beechnut trade-mark is found in the contrast between the Lorillard Company's attitude toward the Weissinger Beechnut brand and its attitude toward six other brands which were acquired by the Lorillard Company from the Luhrman & Wilbern Company by the decree of court (*ante*, p. 46) which transferred the Luhr-

mixture that had previously been on the market would obviously have defeated the express purpose of the Lorillard Company to get the trade of consumers who were dissatisfied with and would not buy the old tobacco mixtures. The contention that the Weissinger Beechnut brand was a live brand and not abandoned involves a contradiction of Mr. Ball's testimony, is inconsistent with the elimination of every distinctive element of the Weissinger label and the substitution therefor of every distinctive element of the Beech-Nut Packing Company's Beech-Nut label, and is inconsistent with the purpose for which the Lorillard Company used the Beech-Nut trademark, namely, to designate a tobacco mixture the value and drawing power of which lay in the fact that it was a new mixture having a flavor different from the old mixtures theretofore on the market.





Scrap Iron Label Used by  
**LUHRMAN & WILBERN.**



**LUHRMAN & WILBERN**  
TOBACCO COMPANY

Copyright 1911 by P. Lorillard Co. New York, N.Y. All rights reserved. This label is the property of P. Lorillard Co. and is used by permission of the U.S. Department of Justice.

**GOOD IRON**

Beech-Nut Cross-Exhibit No. 2-A.  
(R. Vol. IV, p. 2324, X-Q. 33; VI, p. 2855.)

Scrap Iron Label First Used by  
**P. LORILLARD CO.**



**LUHRMAN & WILBERN**  
TOBACCO COMPANY

STOCK OWNED BY P. LORILLARD CO.

**GOOD IRON**

Beech-Nut Cross-Exhibit No. 2-C.  
(R. Vol. IV, p. 2324, X-Q. 33; VI, p. 2855.)

Scrap Iron Label First Used by  
**P. LORILLARD CO.**



**LUHRMAN & WILBERN**  
TOBACCO COMPANY

STOCK OWNED BY P. LORILLARD CO.

**GOOD IRON**

Beech-Nut Cross-Exhibit No. 2-D.  
(R. Vol. IV, p. 2324, X-Q. 33; VI, p. 2855.)

P. LORILLARD CO.

LUHRMAN & WILBERN  
TOBACCO COMPANY

STOCK OWNED BY P. LORILLARD CO.

Beech-Nut Cross-Exhibit No. 2-C.  
(Vol. IV, p. 2331, X-Qs. 71-72; VI, p. 2858.)

P. LORILLARD CO.

LUHRMAN & WILBERN  
TOBACCO COMPANY  
STOCK OWNED BY P. LORILLARD CO.

FACTORY NO. 6, FIRST DISTRICT, OHIO.  
NOTICE.—The manufacturer of this Tobacco has complied with all the requirements of law.  
Every person is cautioned under the penalty of law, not to use this package for tobacco again.

Beech-Nut Cross-Exhibit No. 2-D.  
(R. Vol. IV, p. 2331, X-Q. 72; VI, p. 2859.)

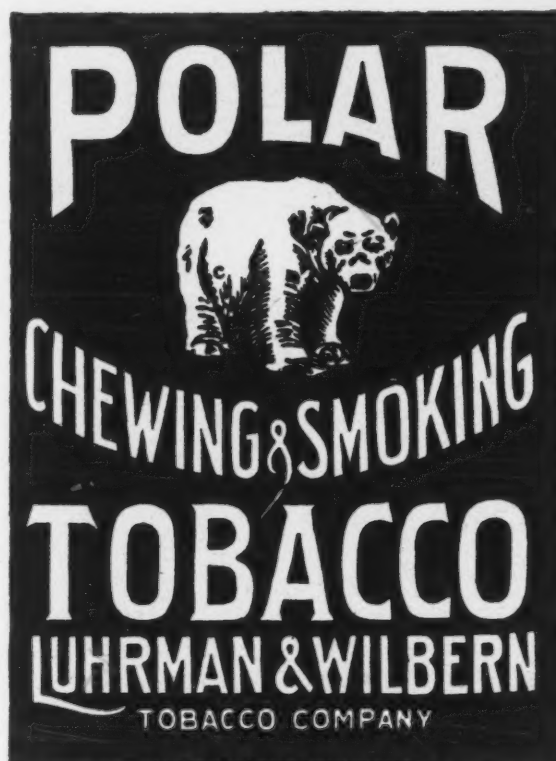
Scrap Iron Label Finally Used by  
P. LORILLARD CO.

LUHRMAN & WILBERN  
TOBACCO COMPANY  
P. LORILLARD COMPANY SUCCESSORS

FACTORY NO. 6, FIRST DISTRICT, OHIO.  
NOTICE.—The manufacturer of this Tobacco has complied with all the requirements of law.  
Every person is cautioned under the penalty of law, not to use this package for tobacco again.

SCRAP IRON

Beech-Nut Cross-Exhibit No. 2.  
(R. Vol. IV, pp. 2321-2322, X-Q. 24; VI, p. 2854.)

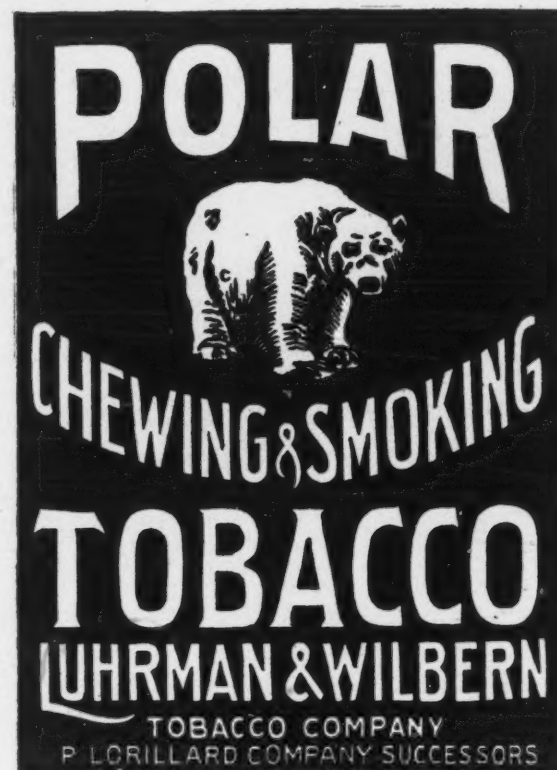


TRADE MARK REGISTERED.

**Factory No. 6, First Dist. Ohio.**

NOTICE.—The manufacturer of this tobacco has complied with all the requirements of law. Every person is cautioned, under the penalties of law, not to use this package for tobacco again.

Beech-Nut Cross-Exhibit No. 1-A.  
(R. Vol. IV, p. 2323, X-Q. 32a; VI, p. 2851.)



TRADE MARK REGISTERED.

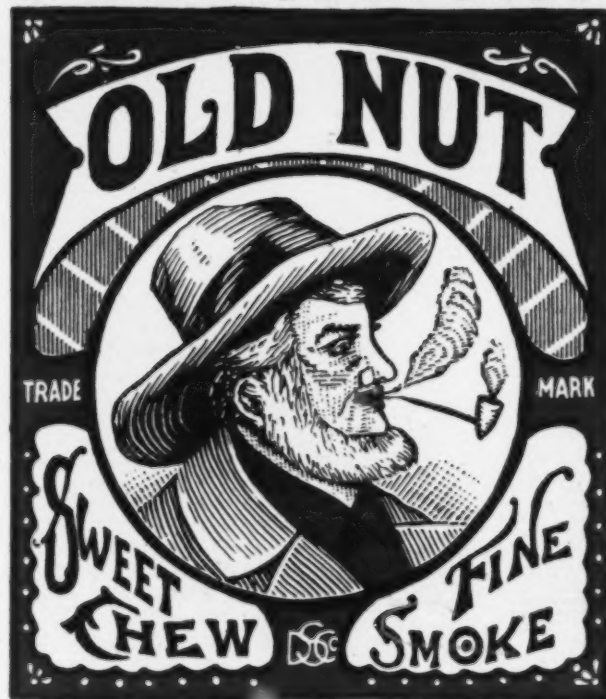
**Factory No. 6, First Dist. Ohio.**

NOTICE.—The manufacturer of this tobacco has complied with all the requirements of law. Every person is cautioned, under penalties of law, not to use this package for tobacco again.

Beech-Nut Cross-Exhibit No. 1.  
(R. Vol. IV, p. 2320, X-Qs. 20-22; VI, p. 2850.)

Old Nut Label Used by  
LUHRMAN & WILBERN.

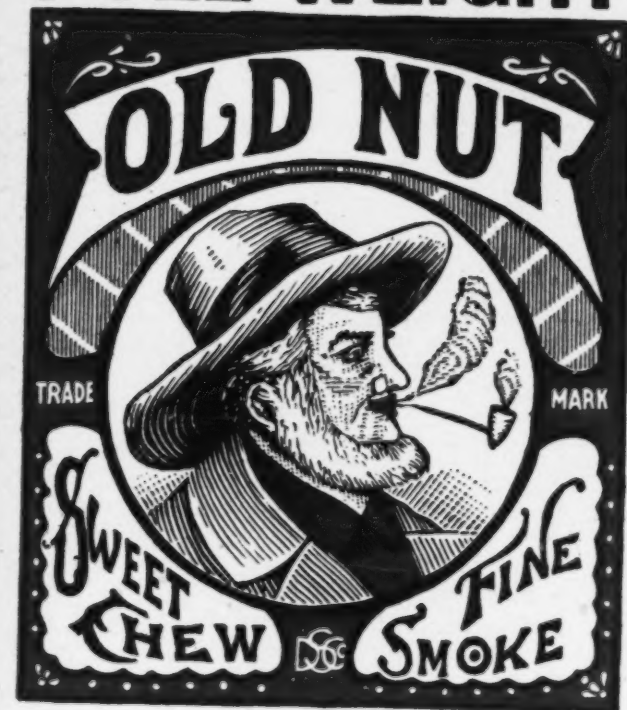
**FULL WEIGHT**



**OLD**

Old Nut Label Used by  
P. LORILLARD CO.

**FULL WEIGHT**



**OLD**

Both of above labels are reproductions of Beech-Nut Cross-Exhibit No. 3, which appears at page 2861 of Vol. VI of the Record. Cross-Exhibit No. 3 is a specimen of the Old Nut label as used by P. Lorillard Co. and is identical with the label used by Luhrman & Wilbern (R. Vol. IV, p. 2325, X-Qs. 38-39).





Above two labels are identical and are reproductions of Defendant's Exhibit No. 39 (offered R. Vol. V, p. 2567). See Record, Vol. IV, p. 2327, X-Q. 54, and Vol. V, p. 2581, for use of same label by both companies. See Record, Vol. V, p. 2577, for the fact that P. Lorillard Company did not even place its name in the margin or elsewhere on the Honest Scrap label.

Bag Pipe Label As Used by  
LUHRMAN & WILBERN.

Bag Pipe Label Used by  
P. LORILLARD CO.



Above two labels are identical and are reproductions of Beech-Nut Cross-Exhibit No. 4, which is a specimen of the Bag Pipe scrap tobacco label used by P. Lorillard Co. and identical with the label previously used by the Luhrman & Wilbern Company (R. Vol. IV, p. 2325, X-Qs. 40-42).

**NATURAL LEAF.**

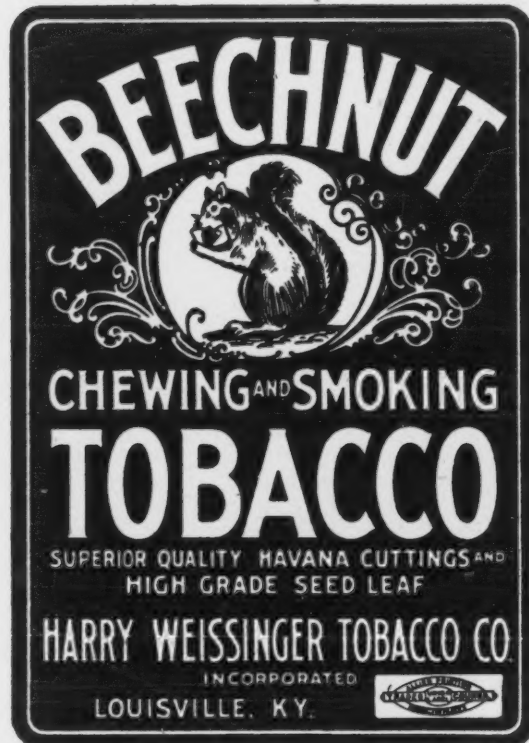
No specimen of the "Natural Leaf" scrap tobacco label is in evidence, but the testimony shows that P. Lorillard Co. used for this brand the same label that previously had been used by the Luhrman & Wilbern Company (R. Vol. IV, p. 2327, X-Qs. 54-56).

**WEISSINGER BEECHNUT LABEL**

**As Used by Harry Weissinger Tobacco Co.**

**Used from 1897 to 1903.**

In 1903 the Weissinger Co. business was assigned to Continental Tobacco Co. and by the latter to Luhrman & Wilbern (ante, page 45).



**Factory No. 26, Fifth District of Kentucky.**

**NOTICE.**—The manufacturers of this Tobacco have complied with all the requirements of law. Every person is cautioned, under the penalties of the law, not to use this package for Tobacco again

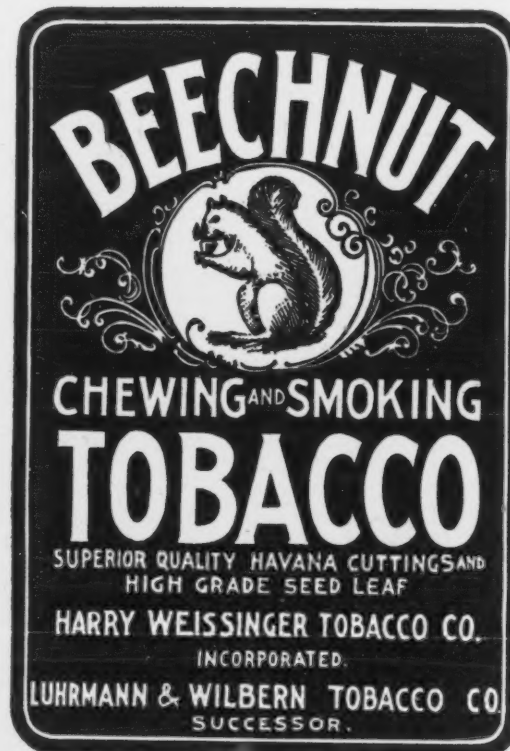
Above label is a reproduction of Lorillard Patent Office Exhibit No. 14 (E. Vol. VI, p. 2981; offered Vol. IV, p. 2273).

**WEISSINGER BEECHNUT LABEL**

**As Used by Luhrman & Wilbern.**

**NOT USED AFTER APRIL, 1910.**

None of this brand made since prior to 1909, and none sold since April, 1910 (ante, pp. 47-50).



**Factory No. 6, First District, State of Ohio.**

**NOTICE.**—The manufacturer of this Tobacco has complied with all the requirements of Law. Every person is cautioned under the penalties of the law, not to use this package for Tobacco again.

Above label is a reproduction of Lorillard Patent Office Exhibit No. 5 (E. Vol. VI, p. 2971; offered Vol. IV, p. 2258).

**P. LORILLARD CO. LABEL.**

**Beech-Nut Cigarettes.**

**First Used in 1921.**



Above label is a duplicate of wrapper on Plaintiff's Exhibit (E. Vol. VI, p. 2708; offered Vol. I, p. 32).



**P. LORILLARD CO. LABEL.**

**Beech-Nut Cigarettes.**

**First Used in 1921.**



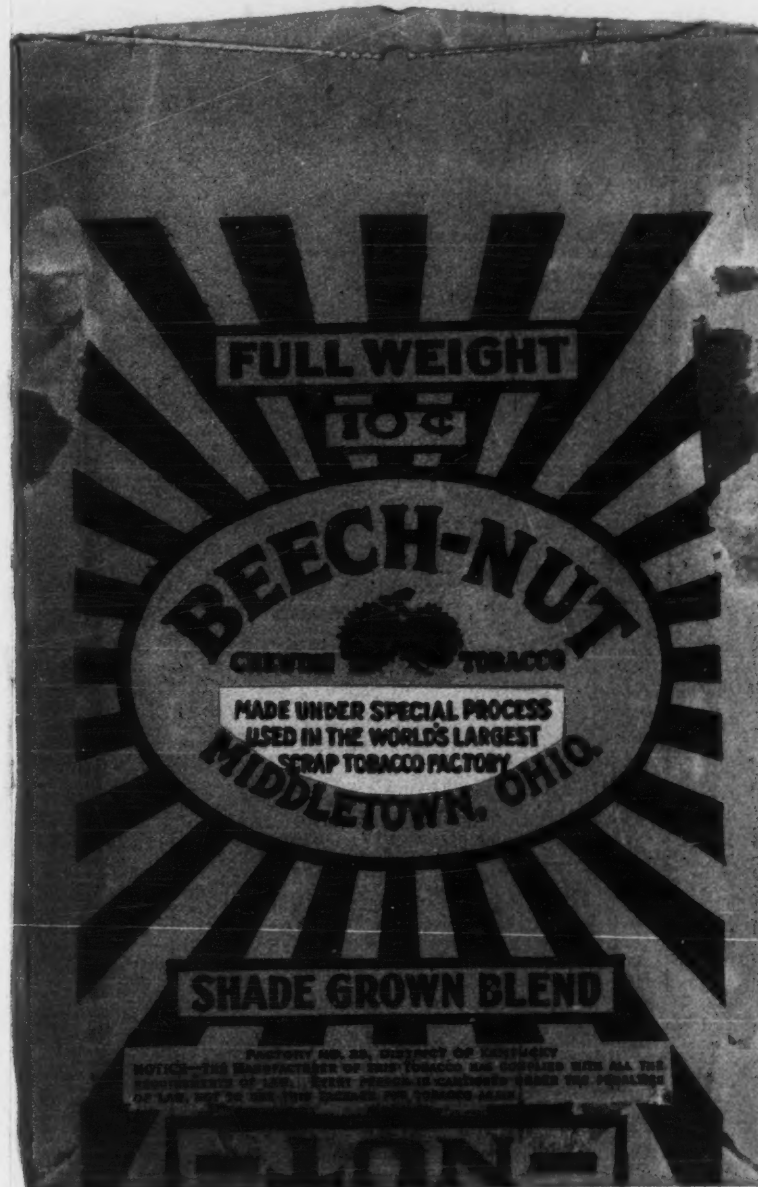
Above label is a duplicate of wrapper on Plaintiff's Exhibit No. 1 (R. Vol. VI, p. 2708; offered Vol. I, p. 32).

**P. LORILLARD CO. LABEL.**

**Beech-Nut Scrap Tobacco.**

(Chewing tobacco.)

**FIRST USED IN 1915.**



Above label is a duplicate of Exhibit 2 attached to the Bill of Complaint (R. Vol. I, p. 17); also of wrapper on Plaintiff's Exhibit No. 3 (Vol. VI, p. 2712) and Defendant's Cross-Exhibit No. 1 (R. Vol. VI, p. 2712).

**BEECH-NUT P**

**Standard Beech-Nut Labels.**

Used on great variety of products.

**Essential features used since about 189**



Above labels are among large collection of labels in Plaintiff's Exhibit No. 23,—photograph, ante, pages 18a and 18b (R. Vol. VI, p. 2712-3; offered I, p. 857; V, p. 2552).

# BEECH-NUT PACKING COMPANY LABELS.

## Standard Beech-Nut Labels.

Used on great variety of products.

Essential features used since about 1891.



Above labels are among large collection of labels in Plaintiff's Exhibit No. 28,—photograph, ante, pages 18a and 18b (R. Vol. VI, pp. 2777-8; offered I, p. 857; V, p. 2552).

## Beech-Nut Chewing Gum Labels.

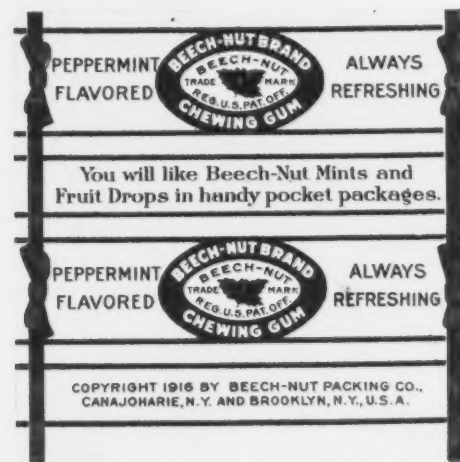
Beech-Nut Gum, also Mints and Candies, sold largely on tobacco stands.

Over billion sticks Beech-Nut gum sold in 1921.



G-7-1

A



G-6

A



Upper two of above labels are similar to labels in Plaintiff's Exhibit No. 28. Lowest label is from chewing gum box, Plaintiff's Exhibit No. 27,—photograph, ante, page 6 (R. Vol. VI, p. 2774; offered I, p. 834).



**PART IV.****Deception of the Public Caused by Lorillard Company's  
Use of Beech-Nut Trade-Mark.****ENTIRE PURCHASING PUBLIC DECEIVED.**

That absolutely the entire purchasing public of the United States has been and is being deceived by the Lorillard Company's use of the Beech-Nut trade-mark and believes that the Lorillard Beech-Nut products are produced by the Beech-Nut Packing Company or by the company which produces the extensive line of Beech-Nut goods is indisputably established by the evidence. The evidence includes the testimony of over five hundred witnesses, two hundred of them plaintiff's witnesses and the remainder defendant's, residing in New England, the Eastern, Southern and Middle Western States. The witnesses are drawn from practically all levels of business and social life. Among all of these witnesses defendant was able to produce only one ultimate purchaser who was not caused by the Lorillard Beech-Nut labels to believe that the goods bearing such labels were products of the Beech-Nut Packing Company or of the company, whatever its name might be, that produces the extensive line of Beech-Nut products. This single ultimate purchaser who was not deceived was given a sample package of the Lorillard Beech-Nut cigarettes by a Lorillard salesman. (R. Vol. II, pp. 1069-1070, Qs. 5, 6, and pp. 1071-1072, X-Qs. 1 to 9.)

Defendant examined over three hundred witnesses, each of whom was connected in some capacity with the tobacco industry, either as proprietor or employee of a manufacturing, wholesale, retail or jobbing tobacco business. That many of these tobacco dealers were not deceived is immaterial. In each of the many cases in which

this point has come up the courts have ruled that the manufacturer is not relieved of liability by the fact that the retailer is not deceived, and that the liability attaches to the manufacturer if he puts into the hands of the retail dealers the means of deceiving the ultimate purchasers.\* But while non-deception of the retailer does not relieve the manufacturer of liability, deception of retailers or other dealers is evidence of the highest order that possibly can be adduced to show that a trade-mark is being used deceptively. An act which is so deceptive as to mislead many retailers and wholesalers, who are in the position of experts having superior means of access to the truth and having a relatively large interest at stake, is certain to deceive the casual ultimate purchaser who has no special experience or means of information and whose interest is only that attaching to a small transaction. It is, therefore, of the utmost significance that many of the witnesses in this case were retail tobacco dealers who bought and sold the Lorillard Beech-Nut chewing tobacco and cigarettes for periods varying from a few weeks to several years in the belief that these commodities were produced by the Beech-Nut Packing Company or the company which produces the extensive line of Beech-Nut goods, and that many wholesalers have ordered Beech-Nut tobacco and cigarettes from the Beech-Nut Packing Company at Canajoharie, New York.

Because there is not and cannot be any dispute as to the sufficiency of the evidence to establish the fact that the Lorillard Company's use of the Beech-Nut trade-mark has caused universal deception of the ultimate purchasers and even of a large proportion of the to-

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\* *Fairbank Co. v. Bell*, 77 Fed. 869, 875; *Scriven v. North*, 134 Fed. 366, 375; *Pennsylvania Rubber Co. v. Dreadnaught Tire & R. Co.* 225 Fed. 138, 148, and 229 Fed. 560; *Wolf Bros. v. Hamilton-Brown Shoe Co.*, 206 Fed. 611, 617-618; *Globe-Wernicke Co. v. Brown & Besly*, 121 Fed. 90, 92.

bacco dealers, we avoid unnecessary interruption of the continuity of this narrative by presenting our references to and quotations from the testimony in five appendices, the contents of each of which is set forth below :

**UNIVERSAL DECEPTION OF ULTIMATE PURCHASERS AND OF  
MANY DEALERS SHOWN BY TESTIMONY OF BOTH PLAINTIFF'S  
AND DEFENDANT'S WITNESSES.**

**SUMMARY OF APPENDIX A.**

Appendix A (App., page 1) consists of quotations from the testimony of thirty-five of plaintiff's witnesses who in the capacity of wholesaler, retailer, salesman or consumer either bought, sold or used Beech-Nut scrap tobacco or Beech-Nut cigarettes in the belief that they were the products of the Beech-Nut Packing Company. The deception of these witnesses continued for periods varying from a few days to several years, in many cases extending to the time they testified, or until a few days before testifying when they were correctly informed by representatives of the Beech-Nut Packing Company. That they were influenced to buy and sell and use Beech-Nut scrap tobacco and Beech-Nut cigarettes by their knowledge of the high quality and popularity of the products previously put out by the Beech-Nut Packing Company is apparent from their testimony and the statements of some of them on this point are most emphatic and critical of the deception imposed upon them.



## SUMMARY OF APPENDIX B.

Appendix B (App., page 50), is an alphabetically arranged list of seventy-two of plaintiff's witnesses, including most of those quoted from in Appendix A and others who dealt in or used Beech-Nut tobacco products in the belief that they were products of the Beech-Nut Packing Company.

The letter D in parenthesis before the names of witnesses in the list indicates that the witness is a dealer who bought and sold Beech-Nut scrap tobacco or Beech-Nut cigarettes in the regular course of his business. The letter C in parenthesis before the names of witnesses indicates that the witness bought the Beech-Nut scrap tobacco or Beech-Nut cigarettes for his own personal use, or used them, *i. e.*, was the ultimate consumer.

Following the names of many of the dealers in the list we have inserted citations by page and question number (in parentheses) to the parts of the testimony in which the witnesses refer to the relations between themselves and their customers. The testimony so referred to shows that these witnesses, either by direct statement or acquiescence by silence, confirmed their customers in the belief that Beech-Nut scrap tobacco and Beech-Nut cigarettes were products of the Beech-Nut Packing Company. The effect of the spurious Beech-Nut labels was to make these retail dealers unwitting accomplices in spreading and confirming the deception created by the label appearing upon the Lorillard products. The mere fact of a dealer or salesman hearing a customer make a statement showing that the customer believed the scrap tobacco and cigarettes to be the product of the Beech-Nut Packing Company without any denial or correction by the dealer or salesman put the latter distinctly in the position of confirming the false impression so expressed

to him. Some of the dealers and salesmen, however, directly stated to their customers that the scrap tobacco and cigarettes were the products of the Beech-Nut Packing Company. Their names are stated in the first paragraph of Appendix B.

#### SUMMARY OF APPENDIX C.

Appendix C (App., p. 57) consists of quotations from the testimony of twenty-eight of defendant's witnesses. Defendant examined over three hundred witnesses, all of them engaged in some capacity in the tobacco business and, by reason of their employment, informed of the fact that the Lorillard Beech-Nut tobacco products were made by the Lorillard Company. These witnesses were asked by defendant's counsel whether their customers had asked questions or made remarks indicating that the customers thought that the Beech-Nut chewing tobacco and cigarettes were products of the Beech-Nut Packing Company or of the company which put out Beech-Nut chewing gum and the general line of Beech-Nut products. Most of these dealers replied that they had not heard their customers make such inquiries or comments, but twenty-eight of them admitted, as shown by their testimony quoted in Appendix C, that some of their customers did make remarks indicating that they were deceived or confused regarding the origin of the Beech-Nut chewing tobacco and cigarettes. There is nothing to indicate that the customers who made no comments or inquiries were not deceived. The other evidence in the case indicates that they took it for granted that the Beech-Nut tobacco products had the same origin as the other Beech-Nut products and saw nothing to comment on or to inquire about. One of the witnesses quoted from in Appendix C (Burgeson, App., p. 69) was a Lorillard salesman who



said that deception of the public was expected and was natural on account of the identity of the name.

#### SUMMARY OF APPENDIX D.

Appendix D (App., p. 75), consists of quotations from the testimony of sixteen of defendant's witnesses. Each of these witnesses testifies that tobacco products are not sold or known to the ultimate purchasers by the name of the manufacturer. They all state that the ultimate purchasers identify the goods they want solely by the brand name, such as Camels or Chesterfields or Beech-Nut for cigarettes, or Honest, Beech-Nut, Bull Durham or Climax for tobacco. So small a part does the name "Lorillard" play in the final marketing of the products that many dealers cannot even state which brands are made by the Lorillard Company. The seven retailers, witnesses for defendant, whose testimony appears at pages 81 to 88 of Appendix D could not name the manufacturers of leading brands of cigarettes and tobacco.

Other testimony which is described and quoted upon the pages beginning at the bottom of the next page hereafter, shows that the Lorillard Company, realizing that tobacco products are sold exclusively upon the brand name or trade-mark, does not place the name of the company or even the word "Lorillard" on the label of many of its most important brands, and as to other brands the matter of putting the name "Lorillard" on the labels is of so little moment that the high officials and managers of the Lorillard Company could not remember whether or not the name "Lorillard" appears on the labels. Such testimony was given by David H. Ball, vice-president and one of the active managers of the company (R. Vol. V, p. 2577; pp. 2584-2585), and by Benjamin L. Belt, another of the vice-presidents of the Lorillard Company who also

is actively engaged in the management of the company's business (R. Vol. V, pp. 2611 to 2613). The dominant importance of the brand name or trade-mark and the style of the package was emphasized by vice-president Ball who stated that a small letter "G" surrounded by a circle not much larger than a pea had at one time been placed on some of the Duke's Mixture packages to indicate at the factory whether or not they contained coupons, and that the subsequent omission of this little symbol "caused the loss of quantities of business" by reason of the consumers thinking that the tobacco was not the same (R. Vol. V, p. 2578).

#### SUMMARY OF APPENDIX E.

Appendix E (App., p. 89) is a list of nineteen of plaintiff's witnesses whose testimony shows that the name "Lorillard" is unknown to large classes of people including many retail dealers who sell tobacco products.

**EVERY LORILLARD PRODUCT IS LABELED AND KNOWN BY A BRAND NAME OR TRADE-MARK WHICH DOES NOT INCLUDE THE NAME "LORILLARD"; THE NAME "LORILLARD" DOES NOT APPEAR ANYWHERE ON THE LABELS OF MANY OF THE MOST IMPORTANT OF THE LORILLARD PRODUCTS. AND ON THE PRODUCTS WHERE THE NAME "LORILLARD" DOES APPEAR IT IS SUBORDINATED TO THE BRAND NAME OR TRADE-MARK—GENERALLY IN FINE PRINT, SOMETIMES INSIDE THE PACKAGE AND NEVER AS THE CONSPICUOUS ELEMENT OF THE LABEL.**

The testimony of two of the vice-presidents of the Lorillard Company, Mr. David H. Ball and Mr. Benjamin L. Belt, demonstrates conclusively that the management of the company is fully aware of the fact that the name "Lorillard" is so little known to the general public, *i. e.*, the millions of ultimate purchasers upon whom the

business depends, that it is a matter of no moment whether the word "Lorillard" does or does not appear on the packages of the company's products. Mr. Ball testified (R. Vol. V, p. 2577) that the Lorillard Company advertised 25 or 50 of its products, and Mr. Belt stated the total number of products of the company as "50-75-80, extreme aggregate" (R. Vol. V, p. 2620). The quotations from their testimony set forth below show that with the exception of a very few of these products neither Mr. Ball nor Mr. Belt could tell without looking at the packages whether the name "Lorillard" was on them or not. Among the brands which Mr. Ball remembered do not have the name "Lorillard" on the package are "Honest" and "Union Leader." It also appears that the brands "Old Nut" and "Bag Pipe" do not bear the word "Lorillard" (Specimens of the labels of "Old Nut," "Honest" and "Bag Pipe" appears at pages 65-70, *ante*).

The record does not contain a complete enumeration of all of the Lorillard products which do and do not bear the word Lorillard, but in every instance where the record shows that the name "Lorillard" does appear on a label it appears subordinately, in relatively small type, frequently in minute type difficultly readable, and sometimes on the inside of the cigarette box where it cannot be seen at all until after the cigarettes have been bought and the box opened and the inside of the cover carefully examined. But more significant than the relative number of Lorillard products upon which the name "Lorillard" does and does not appear is the fact, shown by the testimony quoted below, that two of the managing vice-presidents of the company had regarded the use of the name "Lorillard" as of so little importance that they omitted it from the labels of some of their most important products and could not remember whether it was on the others or not.

The brand "Honest," to which Mr. Ball refers in his testimony quoted below, was what he termed the "big brand" (R. Vol. V, p. 2557) of the old American Tobacco Company, and was, upon the dissolution of that company by court order, transferred to the P. Lorillard Company. The enormous sales of "Honest" scrap tobacco are shown by Mr. Ball's testimony appearing at the bottom of page 2567 and top of page 2568 of Volume V of the Record. The predominant importance of the brand name or trademark, and the absolute lack of any significance, to the ultimate purchaser, of the name of the Lorillard Company or of the American Tobacco Company is conclusively shown by Mr. Ball's testimony, quoted below, that the name "Lorillard" does not and never did appear on the "Honest" package and that no name of the manufacturer has ever appeared on it.

*Mr. David H. Ball's testimony on cross-examination:*

"Q. You have referred to and read some figures, regarding the sales of Honest Scrap. This is a tobacco made by the Lorillard Company?

"A. Yes, sir.

"Q. And marketed by the Lorillard Company itself?

"A. Yes, sir.

"Q. Not supplied to some one else to market?

"A. No, sir.

"Q. Marketed by the Lorillard Company?

"A. Yes, sir.

"Q. Is the name Lorillard to be found upon that package?

"A. No, sir.

"Q. Does this occur in the name of any of your other brands, that the name 'Lorillard' is not put on?

"A. Yes, sir.

"Q. What other brands?

"A. I think the brand of Union Leader, if I recall correctly.

"Q. Do you recall any more?

"A. I don't have any at mind right now.

"Q. Do you remember about Polar Bear, whether Lorillard's name is on there or not? I ask you whether you remember or not?

"A. No, I don't remember.

"Q. You don't remember one way or the other?

"A. No, sir.

"Q. This question, then, of whether the Lorillard name is on a package is a matter with which you don't think it is worth while to charge your mind, I suppose?

"A. Well, if I had thought a question of that kind would have come up, I would have familiarized myself with it. . . . (R. Vol. V, p. 2577.)

"Q. You made a statement that at the present time the name Lorillard is on all of the Lorillard brands, I think.

"A. Did I say that?

"Q. Well, I am asking you. I think you did.

"A. If I said that I was in error, because some of these brands that were taken over by the American Tobacco Company did not bear any name, and we have not put our name on—such as in the case of Honest.

"Q. That is a contemporary package right there?

"A. Yes. We haven't put our name on that.

"Q. That is Honest Scrap, the name Lorillard is not on it today (indicating)?

"A. No, sir; they never have—there never has been, to my knowledge, a name on Honest Scrap tobacco. We haven't any hard and fast rule to go by of putting the name on the package. It has been, as I say, the custom was, up to the time of the dissolution, to leave it off, but since that time it has been put on and generally on all of our brands that we have revamped or new brands that we might put out.

"Q. The name of the brand, I imagine, is the important thing about it?

"A. Yes, we put a great deal of stress on the fact that the Lorillard Company has been in business since 1760, in fact, we got out a brand called '1760'

and when we sample a man we impress that upon him in most instances.

"Q. Can you name any other brands than you have mentioned that the Lorillard Company is putting out today without the name Lorillard on the package?"

"A. I believe this brand of Comet, I am not quite sure; it looks as though we didn't put in on the brand of Bag Pipe.

"Q. Can you remember any more?"

"A. No, I don't know that I can.

"Q. But I suppose there are a great many of these brands that you would be unable to say one way or the other about, whether or not it was on, aren't there?"

"A. There would be quite a few.

"Q. You would be unable to say?"

"A. Yes, that is right.

"Q. Whether or not it was on in the case of a great many?"

"A. Yes." (R. Vol. V, pp. 2584, 2585.)

*Mr. B. L. Bell's testimony on cross-examination:*

"Q. The place where you have read the words 'Capital stock owned by P. Lorillard Company,' being on the inside of the package of the Helmar box, inside of the cover?"

"A. Yes.

"Q. That is the only place, is it not, where the name Lorillard appears upon this Helmar box, that is right?"

"A. I think so.

"Q. So that from the exterior of the box when sealed according to the Government regulation with a Revenue stamp, there is no place where the name Lorillard would be visible?"

"A. It is not visible as applied to the package on its exterior.

"Q. Not in any place?"

"A. Not in any place.

"Mr. Scott: I would like this marked for identification, to be offered later as plaintiff's exhibit.

"Mr. Milton: Mark it in evidence, if you like.

"Mr. Scott: All right I offer that as Plaintiff's Exhibit P. 43.

“(Package marked Exhibit P. 43.)

“The Witness: I would like—am I permitted to make a statement?

“Mr. Scott: You may.

“The Witness: I don’t know what the law is but the reason, Mr. Scott, that the ‘Capital stock owned by P. Lorillard Company,’ appears as it does, is due to the fact that those brands were gotten out under the name of S. Anargyros when S. Anargyros was a corporation owned by the American Tobacco Company before its disintegration, and it was transferred or made a part of the assets of the new Lorillard Company . . . and we did not think it would be judicious to affix P. Lorillard on the outside of those packages, because they were transferred without it, or to change the appearance of them, and we did not make an original place for it as we did not feel the necessity for doing so. It wasn’t done and I think you will find that same thing applies to all the Anargyros brands owned by the Lorillard Company.

“Q. The idea, as I understand you in short, was to have this information regarding the stock ownership conveyed?

“A. As a legal proposition.

“Q. In some part of the package but without at all interfering with the appearance of the exterior of the package? Is that right?

“A. It was. The brand was in existence when that was decided to be applied. It had been on the market for some years.

“Q. And I am right in my question?

“A. Yes.

“Q. You said that you thought that also applied, Mr. Belt, to the other brands?

“A. I think it applies to all the Anargyros brands, Murad, Helmar, Deities, Moguls, Trophies—I think it is applicable to all of them.” (R. Vol. V. pp. 2611, 2612, 2613.)

The foregoing testimony of Messrs. Ball and Belt and that of the witnesses quoted in Appendices D and E (App., pp. 75, 89) shows that the Lorillard Company puts each

of its products on the market as a separate and distinct line of trade, and not as a part of the general line of tobacco products of the Lorillard Company. Plaintiff's Exhibit No. 33, which is a large scrap-book containing specimens of the labels used by the Lorillard Company on its different tobacco products, shows the slight, practically negligible, extent to which the name "Lorillard" appears on the company's goods. The same thing is shown by Plaintiff's Exhibit No. 34, a scrap book containing specimens of the Lorillard Company's advertising in newspapers and periodicals. Plaintiff's Exhibit No. 32, photograph at page 2782 of Volume VI of the Record, is a collection of Lorillard Beech-Nut posters, also showing the slight use of the name "Lorillard." The reputation of the Lorillard Company is not involved in the sale of its goods to the ultimate purchasers; the good-will attaching to each of its products is independent of the good-will of the other products and of that of the company; and, so far as concerns the ultimate purchasers, the production and sale of the 50 or 75 tobacco products of the Lorillard Company is the conduct of 50 or 75 independent businesses, each with its separate reputation and good-will, and each unaffected by the success or failure of the others. The setting was perfect for the public's identification of the Lorillard Beech-Nut tobacco products with the Beech-Nut Company rather than with the Lorillard Company.



**ORDERS FOR BEECH-NUT TOBACCO AND CIGARETTES AND COMPLAINTS AND CRITICISMS REGARDING THE SAME AND OTHER COMMUNICATIONS CONCERNING THE TOBACCO BUSINESS SENT TO THE BEECH-NUT PACKING COMPANY.**

The Lorillard Company's use of the Beech-Nut Packing Company's trade-mark has not only caused universal deception of the ultimate purchasers and of many retail dealers but has also deceived many people who occupy responsible positions in the business world and in journalism and official life. In some instances these people, by reason of their connection or contact with the tobacco trade had every reason and facility for being correctly informed, but still without question drew the seemingly obvious inference that Beech-Nut tobacco and Beech-Nut cigarettes were products of the Beech-Nut Packing Company. Among the parties so deceived were editors and advertising managers of newspapers who wrote to the Beech-Nut Packing Company soliciting advertising of the Beech-Nut cigarettes and tobacco, and calling attention to articles and editorials in their papers opposing anti-cigarette legislation.

Plaintiff's Exhibits 12-D, 12-E, 12-F and 12-G (R. Vol. VI, pp. 2719 to 2723) are letters written in the year 1921 from the publisher and president of the Oakland Enquirer of Oakland, California, and editorials for that paper inclosed with the letters. The editorials denounce and urge the defeat of proposed anti-cigarette legislation in Utah and the writer states that he was instrumental in having similar legislation defeated in the State of Washington. The letters are addressed to "Mr. Stanton E. Van Wie, Beechnut Cigarettes, Canajoharie, N. Y." and to "Mr. Stanton E. Van Wie, Beechnut Cigarette Co. Canajoharie, N. Y." Mr. Van Wie is resident advertising manager of the Beech-Nut Packing Company (R. Vol. I, p. 818). The general offices and principal plant of the

Beech-Nut Packing Company are at Canajoharie, N. Y., and the name of this town appears conspicuously in all of the trade-mark labels of the Beech-Nut Packing Company. The Lorillard Company does not have a plant, office or branch of any kind in or near Canajoharie, N. Y., or in or near any town of similar name. While the publisher of the Oakland Enquirer offers in one of the letters referred to above to help in the defeat of anti-tobacco legislation "irrespective of any advertising" his letters are quite evidently written for the purpose of showing that his paper would be an appropriate medium of publicity for tobacco products.

Plaintiff's Exhibit 12-H (R. Vol. VI, p. 2724) is a letter written July 19, 1921, by the Pittsburgh Post and the Pittsburgh Sun to Mr. Bartlett Arkell, President Beech-Nut Packing Co., Canajoharie, N. Y., for the purpose of explaining, and soliciting the Beech-Nut Packing Company's participation in an advertising campaign. Following is the first paragraph of the letter:

"Your many products suitable for our plan prompted me writing you. Particularly, Beech-Nut Cigarettes and Beech-Nut Gum. These two articles, if entered at once would be exclusive in their line."

Plaintiff's Exhibit 12-I (R. Vol. VI, p. 2726) is a letter written July 26, 1921, by the advertising manager of the New York Evening Journal to "Beech-Nut Cigarettes, Canajoharie, New York," exploiting the virtues of a plan of advertising whereby advertisements inserted in the New York Evening Journal appear also in the Drug Trade News. The Canajoharie address of this letter shows the deception imposed upon a man whose prominent connection with the advertising department of a large metropolitan daily paper must have made him exceptionally well informed in business matters and alert against deception and error.

Plaintiff's Exhibit 12-J (R. Vol. VI, p. 2727) consists of an advertising card and the envelope in which it was mailed. Pasted to the card is a newspaper clipping of an advertisement of Beech-Nut cigarettes. The article advertised by the card is some kind of a window lock designed to bear an advertisement. The address on the envelope is "Beech Nut Co., Canajoharie, N. Y."

Plaintiff's Exhibit 12-A-13 (R. Vol. VI, p. 2751) is a letter addressed by the Quartermaster Supply Officer of the United States Army at Washington, D. C., to the "Beech-Nut Packing Co., Canajoharie, N. Y.," asking for price quotations on Beech-Nut scrap tobacco.

Plaintiff's Exhibit 12-A-16 (R. Vol. VI, p. 2754) is a letter inclosing a blank form of contract (Exhibit 12-A-17, R. Vol. VI, p. 2755) from the Allied Tobacco Industries Exposition addressed to the "Beech-Nut Packing Co., Canajoharie, N. Y.," inviting the latter to take space and make an exhibit in the exposition of tobacco products to be held in the Chicago Coliseum.

Plaintiff's Exhibit 12-A-7 (R. Vol. VI, p. 2745) is a letter from the business representative of the George M. Cohan Theater, New York, to "The Beechnut Products, New York." The Beech-Nut Packing Company has an office in New York City and received this letter. The letter contains a proposition for the naming of a cigar or cigarette after one of the Cohan attractions.

Plaintiff's Exhibit 12-A-22 (R. Vol. VI, p. 2757) is a letter to the Beech-Nut Packing Company from a firm of commercial agents of Paris, France, soliciting the business of introducing the Beech-Nut cigarettes in France.

Plaintiff's Exhibits 12-K to 12-Y inclusive (R. Vol. VI, pp. 2728 to 2738), and Exhibits 12-A-12, 12-A-20, 12-A-21, 12-A-23 and 12-A-24 (R. Vol. VI, pp. 2750, 2756-2760) are letters from twenty different dealers, mostly wholesalers, addressed to the Beech-Nut Packing Company and order-

ing shipments of Beech-Nut scrap tobacco or cigarettes. Some similar letters are printed in Vol. VI of the Record at pages 2841-2847. These are from men who are far better informed even than the retailers and are in a far better position to know who are the makers of the goods they handle. This relatively large number of orders from *wholesalers* who were deceived by the Lorillard Company's use of the Beech-Nut trade-mark shows that the name Beech-Nut, whether on chewing gum, peanut butter or tobacco means to every sort of person only one company, the Beech-Nut Packing Company. The deception of parties who are accustomed to deal directly with the manufacturer is even more significant than the deception of those who purchase farther down the line.

Plaintiff's Exhibit 12-T (R. Vol. VI, p. 2735) is interesting in that the dealer orders not only Beech-Nut Scrap tobacco from the Beech-Nut Packing Company but also orders "Honest Scrap." "Honest Scrap" was the Lorillard Company's leading brand of this kind of tobacco for many years, the sales in the year 1921 being over three million pounds (R. Vol. V, bottom of page 2567 and top half of page 2568). As shown by this letter the Lorillard Company's use of the Beech-Nut trade-mark caused the writer of the letter to believe that the Beech-Nut Packing Company made not only the Beech-Nut Scrap Tobacco but also the Lorillard Company's brand "Honest Scrap."

The writer of the letter, Plaintiff's Exhibit 12-Z (R. Vol. VI, p. 2738) a wholesale grocer asks the Beech-Nut Packing Company what he shall do about some Beech-Nut Scrap tobacco "which is in a moldy condition."

Plaintiff's Exhibit 12-A-9 (R. Vol. VI, p. 2747) is a letter from a man who appears by his letter-head to be in the automobile tire business in Milwaukee. He tells the Beech-Nut Packing Company that he has been "a real booster for 'Beech-Nut' merchandise" but that he and

his friends "after smoking three or four" of the Beech-Nut cigarettes have "reached the conclusion that the 'Beech-Nut' standard has been greatly reduced." He concludes with an expression of his belief that his criticism will be accepted from a constructive viewpoint.

Plaintiff's Exhibit 12-A-11 (R. Vol. VI, p. 2749) is a letter in which the writer, a dealer in fancy groceries on Long Island, tells the Beech-Nut Packing Company that he "cannot *believe* your *wonderful* firm has come down to the low, beggarly business of making cigarettes"; that though he has heard of Beech-Nut cigarettes he has yet "to believe that the wonderful 'Beech-Nut Packing Co.' have come down to that greasy, dirty, body killing cigarette business."

Plaintiff's Exhibit 12-A-8 (R. Vol. VI, p. 2746) is a letter from the advertising manager of the Driver-Harris Company of Harrison, N. J., which company deals in metals, alloys, electrical resistance wires, etc. He asks the Beech-Nut Packing Company "whether your company is in any way connected with Beech-Nut cigarettes." He says: "I bought one package of these cigarettes on the strength of your Beechnut trade-name, being under the impression that these cigarettes were one of your products, although, I must confess, it was surprising to me that you should add a cigarette to your products" and adds that "the cigarettes, in my mind do not come up to the high standard of your Beechnut products." He concludes with an inquiry whether the Beech-Nut Company is going to "attempt to capitalize the name which has a very high commercial value."

Plaintiff's Exhibits 12-A-1 and 12-A-2 (R. Vol. VI, p. 2739) are letters in which the writers ask the Beech-Nut Packing Company for price lists and samples of Beech-Nut cigarettes.

Plaintiff's Exhibits 12-A-3 and 12-A-4 (R. Vol. VI, pp.

2740, 2741) are letters in which business firms tell the Beech-Nut Packing Company that Beech-Nut tobacco posters have been pasted on the writers' buildings and asking that the practice be discontinued and the posters removed.

Plaintiff's Exhibit 12-A-5 (R. Vol. VI, pp. 2742 to 2744) is a series of three letters. The writer of the first letter is a representative of Arbuckle Brothers of New York, and he complains to the Beech-Nut Packing Company that Beech-Nut chewing gum signs have been pasted over the Arbuckle signs. In the second letter of the series the Beech-Nut Packing Company informs the representative of Arbuckle Brothers that the Beech-Nut Company was not aware that their representatives had any material for advertising Beech-Nut gum, and states that if the offending posters are for BeechNut Scrap Chewing Tobacco the Beech-Nut Packing Company would like to know it. In the third and concluding letter of the correspondence the representative of Arbuckle Brothers says he has discovered he was mistaken as it was Beech-Nut Chewing Tobacco signs instead of Chewing Gum signs that he had seen. This correspondence shows that the presence of the word "Beech-Nut" on a sign immediately directs the observer's mind to the Beech-Nut Packing Company regardless of the nature of the product advertised, and that this effect extends not only to the casual purchasers who constitute the class of ultimate consumers, but extends also to men whose business demands careful observation of advertisements and trade-marks.

Plaintiff's Exhibits 12-A-6 and 12-A-15 (R. Vol. VI, pp. 2744 and 2753) are requests for advertising literature addressed to the Beech-Nut Packing Company by parties who sell Beech-Nut cigarettes and tobacco.

**ARTICLE IN "NATIONAL FINANCIAL NEWS."**

Plaintiff's Exhibit No. 40 (R. Vol. VI, pp. 2818-2820) is an article from the issue of May 28, 1923, of "The National Financial News," a weekly financial periodical published in New York City. The article is a history and description of the Beech-Nut Packing Company's business and contains the statement that "the company has more recently added the manufacture of cigarettes and smoking tobacco and candy." The testimony of the writer of this article appears at pages 2483 to 2491 of Volume V of the Record.

**EXPERIENCES OF BEECH-NUT COMPANY'S SALESMEN.**

Thirteen of the salesmen and district managers of the Beech-Nut Packing Company testify to the fact that in the discharge of their duties they are subject to numerous comments and inquiries regarding the extension of the Beech-Nut Packing Company's business to include tobacco products. These witnesses state the number and frequency of such inquiries in various terms, such as "innumerable" (R. W. Blanchard, R. Vol. I, p. 90, Q. 10; O. A. Hubbard, p. 99, Q. 12); "hundreds of times" (R. H. Horne, R. Vol. I, p. 160, Q. 6; H. W. Avery, p. 346, Q. 12; E. I. Ray, p. 360, Q. 5); "five or six hundred times" (J. A. Peters, R. Vol. I, p. 252, Q. 24); "about five or six hundred and I am hearing them every day yet" (J. F. Griffin, R. Vol. I, p. 324, Q. 11); "I have been asked many times for Beech-Nut cigarettes" (H. W. Avery, R. Vol. I, p. 346, Qs. 7 to 11); "I should say a thousand times easy" (W. P. Melia, R. Vol. I, p. 381, Q. 11); "ten or fifteen times a day" (R. B. Southern, R. Vol. I, p. 393, Q. 14); "several hundred" (A. B. Lewis, R. Vol. I, p. 399, Q. 4); "couldn't give you a definite

number on that. A couple of hundred times, if once" (O. M. Wesling, R. Vol. I, p. 529, Q. 35); "two or three hundred" (E. R. Lewis, R. Vol. I, p. 570, Q. 5); estimate of "five hundred times" (W. P. Jennings, R. Vol. I, p. 731, Q. 22).

Several of these salesmen were themselves deceived when they first saw the Beech-Nut cigarettes (R. W. Blanchard, R. Vol. I, p. 89, Q. 7; O. A. Hubbard, p. 98, Qs. 9 and 10; E. I. Ray, p. 362, Qs. 18, 19).

The extent to which plaintiff's business reputation throughout the country has been made dependent on defendant's conduct of its tobacco business is convincingly demonstrated by the thousands of instances of confusion which these men encountered among retail tradesmen and the consuming public.

**CLOSE ASSOCIATION IN TRADE OF PLAINTIFF'S AND DEFENDANT'S GOODS—SOLD IN SAME STORES—WINDOW DISPLAYS—DEFENDANT'S ADVERTISING.**

An important element of the deception caused by defendant's use of plaintiff's trade-mark lies in the close association in trade of plaintiff's products with the commodities to which defendant has wrongfully applied plaintiff's trade-mark. Plaintiff's extensive line of products and the commodities to which defendant has applied plaintiff's trade-mark flow through precisely the same channels of trade from the moment they leave the factory in which they are produced until they reach the ultimate consumer, and they are associated together by the consumers themselves in their dining rooms and in restaurants.

Testimony of every one of the many witnesses interrogated upon the subject shows that both plaintiff's products and defendant's are handled by the same jobbers and wholesalers, including whole-



sale grocers, and that plaintiff's products are sold to precisely the same retail dealers who handle defendant's tobacco products. The testimony shows that in many parts of the country the retail grocers handle tobacco products; that tobacco stores deal in defendant's chewing gum and packaged candies such as mints, lemon-drops, etc.; that the same is true of delicatessen stores, they handle defendant's tobacco alongside plaintiff's goods; that drug stores handle both defendant's tobacco products and plaintiff's chewing gum and packaged candies; that in general stores and the small variety stores all kinds of plaintiff's products are displayed and sold alongside of Beech-Nut tobacco and cigarettes, and that in all of these retail stores plaintiff's and defendant's goods are displayed in close proximity upon the shelves and show-cases, and in many instances are used as the material for joint displays in the show windows.

This testimony runs through the entire record, it appearing from almost every witness for both sides. Practically all the dealer witnesses, of whom several hundred have testified in this case, handled the products of both plaintiff and defendant in their stores. Instances of this are shown in the testimony of:

Charles P. Cook, grocer, Paris, Ky.—R. Vol. I, pp. 695-7, Qs. 4-7 and 10-18.

Jefferson D. Hayden, grocer, Columbia, S. C.—R. Vol. I, pp. 755-6, Qs. 6-22; p. 759, Qs. 47-49; pp. 761-2, X-Qs. 62-68, 74-76.

W. C. Pennell, news agent and tobacconist, Asheville, N. C.—R. Vol. I, p. 713, Qs. 7-12.

Joseph S. Aisenberg, wholesale grocer, Worcester, Mass.—R. Vol. I, pp. 151-5, X-Qs. 30-31 and 62-63.

George L. Carlton, grocer, Holyoke, Mass.—R. Vol. I, pp. 232-4, Qs. 3-6 and X-Qs. 24-25.

James J. Marrinan, druggist, New Haven, Conn.—R. Vol. I, pp. 282-4, Qs. 11-14, X-Qs. 29-31.

Alexander C. Gardner, confectioner and grocer, Milford, Conn.—R. Vol. I, pp. 310-13, Qs. 4-7, X-Qs. 21-25, X-Qs. 32-33 and X-Qs. 39-41.

John E. Watson, druggist, Chicago, Illinois.—R. Vol. I, pp. 412-15, Qs. 7-10, Qs. 28-30 and X-Qs. 6-8.

William C. Weigel, grocer, Milwaukee, Wis.—R. Vol. I, pp. 560-2, Qs. 4-6 and 16-17.

#### WINDOW DISPLAYS.

Retailers readily perceived the opportunity of selling Beech-Nut scrap tobacco and Beech-Nut cigarettes by taking advantage of the obvious fact that customers would ascribe to these tobacco products the high quality with which they were familiar in the products of the Beech-Nut Packing Company. This obvious fact suggested the idea of displaying the Beech-Nut cigarettes and tobacco in the same window display with the products of the Beech-Nut Packing Company. Upon cross-examination it developed that such a display had been made by defendant's witness, Ferdinand Bieringer, who owns a tobacco store in Boston. He stated that he thought the Beech-Nut gum was deriving benefit from the Beech-Nut cigarette and would continue to do so as long as the cigarette continued to be a good article, but that if the cigarette was poor merchandise it would spoil the Beech-Nut name. Mr. Bieringer's deposition is at page 911 of Volume II of the Record, and is quoted from and discussed at pages 115 to 112, *post*.

In three other instances of this kind photographs were obtained of show windows containing advertisements and packages of the Lorillard Beech-Nut tobacco products and of the goods of the Beech-Nut Packing Com-

pany. Norman S. Berry, a salesman in the employ of the Beech-Nut Packing Company, testified at the trial that he dressed the show window of a Baltimore grocer with plaintiff's Beech-Nut goods and a few days later observed that the display had been changed by the removal of two large cards which he had placed in the window for a background and the substitution therefor of a Lorillard Beech-Nut cigarette poster. Mr. Berry's testimony is at page 2478 of Volume V of the Record and the photograph of the window display which he took and a Lorillard poster similar to the one in the window are in evidence as Plaintiff's Exhibits No. 38 (R. Vol. VI, p. 2816) and No. 39. A similar store window display at West Haven, Connecticut, is described by John F. Griffin, a salesman for the Beech-Nut Packing Company, and Frank Madden, the photographer (R. Vol. I, pp. 322 to 328), and by two witnesses for defendant, one of them William J. Coughlan, owner of the store (R. Vol. III, pp. 2088 to 2096), and photographs of the window display are in evidence as Plaintiff's Exhibit No. 2 (R. Vol. VI, p. 2710), and Defendant's Exhibit No. 11 (R. Vol. VI, p. 2882). Plaintiff's Exhibit No. 13 is a photograph of a show window in Pennell's Cigar Store at Asheville, North Carolina, this display also being a mixture of defendant's and plaintiff's advertising. Plaintiff's witnesses, H. W. Pelton and W. C. Pennell, testified regarding this exhibit and the photograph (R. Vol. I, pp. 704 and 712). The photograph is reproduced in Volume VI of the Record, page 2762.

The flow of these goods through the same channels of trade and their display for sale in close proximity in retail establishments has naturally resulted in the widespread deception to which the witnesses in this case testify.

## LORILLARD COMPANY'S ADVERTISING.

The facility with which this deception is effected has been increased by defendant's widespread advertising of the word "Beech-Nut," and the widespread distribution of advertising signs of every conceivable size and form bearing the words "Beech-Nut Chewing Tobacco" or "Beech-Nut Cigarettes." An inspection of the large exhibit board offered in evidence by plaintiff (Plaintiff's Exhibit No. 32, photograph shown on page 2782 of the Record, Vol. VI), and the scrap-book collection of defendant's publication advertising (Plaintiff's Exhibit No. 34) shows something of the extent to which defendant has exploited plaintiff's trade-mark and corporate name.

Many of the signs contain no reference whatever to the Lorillard Company, and in those instances where the name Lorillard appears upon the signs, it appears inconspicuously and in a manner well calculated not to divert the observer's attention from the prominently displayed word Beech-Nut. The same is true of the word Lorillard as appearing in defendant's publication advertising in all of which the name Lorillard is subordinated to plaintiff's trade-mark and corporate name, Beech-Nut, in such a manner as not to be noticed by the ordinary observer.

The photographs of Plaintiff's Exhibits No. 16 and 17, reproduced in the Record, Vol. VI, page 2768, show how closely defendant approximated plaintiff's well-known shipping cartons and advertising matter thereon, the deception being increased by defendant's using the same color scheme exactly. The deception proved in this case might have been predicted from an observation of defendant's goods and advertising with the same certainty that is created by the testimony of the witnesses.

**COMMON CUSTOM FOR MANUFACTURERS OF AND DEALERS IN GROCERIES, DRUGS, ETC., TO OWN THEIR OWN EXCLUSIVE TOBACCO TRADE-MARKS AND TO MANUFACTURE AND HAVE OTHERS MANUFACTURE FOR THEM TOBACCO PRODUCTS.**

In the instant case there is proof of many instances in which wholesale grocers, chain drug stores and others, put out their own brands of tobacco products under their own trade-marks and have these products made for them by tobacco manufacturers. Mr. Charles, who testified at the trial, stated that Charles & Co., fancy grocers of New York City, have their own tobacco brands, and that it is a general custom for grocers to put out tobacco products under their own trade-marks without any connection with the name of the manufacturer (R. Vol. V, pp. 2465-66). Mr. Belt, vice-president of the Lorillard Company, referred to three concerns who put out their own tobacco brands (R. Vol. V, pp. 2614-2617). Among the concerns so mentioned was the Liggett Drug Company, which operates a chain of drug stores in the eastern cities, and Mr. Belt stated that the Lorillard Company manufactures for this drug company its tobacco products including the Black and White cigarettes (R. Vol. V, p. 2617). According to Mr. Belt's testimony, the Lorillard Company has no connection with this Black and White brand other than manufacturing the goods; and Mr. Belt says that the trade-mark rights belong exclusively to the Liggett Company which markets the cigarettes as its own product. Mr. Belt further stated that Park & Tilford, the well known New York grocers, have a cigar factory of their own for the manufacture of their own brands of cigars. Mr. Belt also referred to the "Richelieu" brand of tobacco products of Sprague, Warner & Co., wholesale grocers of Chicago, and to a brand of tobacco put out by

Stickney & Company, wholesale grocers of St. Louis (R. Vol. V, pp. 2615-2616).

This well established custom of grocery and drug houses putting out their own brands of tobacco products is one of the reasons why the public, as shown by the testimony in this case (see particularly Appendices D and E of this brief, App., pp. 75, 89), regards only the brand or trade-mark and pays no attention to the name of the manufacturer. It is an additional reason why the public generally was quite ready to accept the Beech-Nut tobacco and cigarettes as new products of the well-known Beech-Nut Company (see page 75 *ante et seq.*). The brand name "Beech-Nut" of itself was sufficient signature on the packages to indicate the Beech-Nut Company, no matter what else was there. The fact that commodities are identified by the brand or trade-mark and not by the name of the manufacturer is the foundation of the long established rule that appropriation of a trade-mark belonging to another is not justified by the addition thereto of the appropriator's name (*Menendez v. Holt*, 128 U. S. 514, 521; *Battle et al. v. Finlay et al.*, 50 F. 106; *N. K. Fairbank Co. v. Central Lard Co.*, 64 F. 133; and an unbroken line of authorities, see Hopkins, Third Edition, p. 442, Note 62).

## PART V.

### Damage.

#### BEECH-NUT COMPANY'S BUSINESS GOOD-WILL AT MERCY OF LORILLARD COMPANY.

As set forth in our argument (*post*, p. 262 *et seq.*) the principal element of injury to the Beech-Nut Packing Company resides in the fact that possession of, and control over, the business good-will that it has built up by a quarter of a century of conscientious effort and the expenditure of millions of dollars in advertising has been wrested from it by the Lorillard Company. We contend that even if, contrary to the fact, the Lorillard Company had not damaged the Beech-Nut Company's reputation, or even if the Lorillard Company had added to the value of the Beech-Nut Company's business good-will, the taking from the Beech-Nut Company of possession of and control over its reputation and good-will would not thereby be justified either ethically or legally. The value of the Beech-Nut Company's reputation is reduced to insignificance and will ultimately be destroyed if anyone may legally impersonate the Beech-Nut Company and make use of its reputation. In this statement of the case, however, we confine ourselves, in what follows, to a discussion of instances in which specific damage has been caused to the Beech-Nut Company's reputation and business by the Lorillard Company's appropriation of its identity and reputation and discuss the broader aspects of the subject of damage in the argument under the title "Damage," *post*, page 262.

**SPECIFIC DAMAGE RESULTING FROM THE INFERIOR QUALITY  
OF THE BEECH-NUT CIGARETTE.**

We have heretofore referred to the fact that throughout its existence the Beech-Nut Packing Company has consistently and persistently followed the policy of dealing only in goods of the highest grade and best quality obtainable, and to the fact that prior to the end of the year 1921 the Beech-Nut Packing Company had expended three million dollars in advertising the high grade and purity of its products (*ante*, pp. 22-25).

**DESIGNED TO BE CHEAPEST CIGARETTE ON THE MARKET.**

Benjamin L. Belt, one of the vice-presidents of the Lorillard Company, testified that the Lorillard Company's cigarette business prior to putting out the Beech-Nut cigarette had been almost exclusively in high grade cigarettes, and that the Lorillard Company used the Beech-Nut trade-mark upon a cigarette of cheaper grade, which they offered for sale at a lower price than that charged by their competitors for their lowest priced cigarettes. Following are extracts from Mr. Belt's testimony:

" . . . We found ourselves about in a position of no blended cigarette business of any consequence, our entire cigarette business being on the higher priced all-Turkish brands.

"Q. Right there. The Lorillard Company practically controls the Turkish cigarette business, the great volume of it, doesn't it?

"A. Our brands represent a majority volume, major portion of the Turkish cigarettes that are in existence.

"Q. Now continue your answer.

"A. But we were not satisfied to confine ourselves to all-Turkish, as we estimated a larger and more growing business on the other type of cigarette. So



we were considering for a long time putting on the market another brand of cigarettes of a blended type and were about ready to do it a year or two sooner than we did, it being deferred on account of the war and the great inability to get tinfoil and wrapping material and so forth. Well, we dragged it along, so to speak, and did not actually get the cigarette in question, Beech-Nut, on the market until in the spring of 1921." (R. Vol. V, pp. 2592-2593.)

"Q. How are Beech-Nut cigarettes selling today?

"A. Very poorly indeed.

"Q. To what do you attribute the decline?

"A. Well, primarily to the fact that our competitors, who have enormous volume of brands were selling to the consumer at the time we put Beech-Nut on the market at 20 cents a package.

"Q. What cigarettes, for example.

"A. Camels, Chesterfields, Lucky Strikes, Piedmonts, and there was quite a business on Sweet Caporals in some sections, and we came on the market in what has previously been referred to as what we thought was the psychological time to offer the public what we regarded as an equal cigarette in quality, and certainly in physical appearance to any cigarette on the market at 15 cents for the package. And it seemed to me to be a very happy response in 1921, the whole country was recovering from the deflation and so-called panic and in tobacco merchandise, at least, everybody seemed to be looking for a little better bargain, and that was what we thought would be the psychological time to offer 20 cigarette for 15 cents that we believed to be for smoking purposes, as acceptable and as good as 20 cigarettes of our competitors as represented by these several brands, Camels, Chesterfields, Piedmonts, and Lucky Strikes, which were being sold for 20 cents for 20 and we sailed along splendidly with the merit and quality of the Beech-Nut cigarette until in the late fall of 1921 when they tilted the prices a little bit and by and by those big brands that were so powerful that they could command the situation got down not only to the price that we had expected to sell Beech-Nuts to the consumer, but got cheaper, and i

was not an infrequent thing to find Camel cigarettes offered at two for a quarter, and Beech-Nut being unable to force its position by lack of its volume, 15 cents, and the big brands were really cheaper and it just took the living life out of Beech-Nut and cut them down from nine hundred million—on that basis a billion a year, and not the whole country covered at once, mind you—we begun in New England and worked across the country, and had about covered the United States at the time these other brands became cheaper.” (R. Vol. V, pp. 2601-2602.)

As shown by Mr. Belt’s testimony, the Lorillard Company, having no motive to maintain the Beech-Nut trade-mark as a symbol of goods of the highest quality, utilized the significance which had been created for it by the Beech-Nut Packing Company as a means of exploiting a cheap cigarette which they introduced at a price lower than that charged by their competitors for their cheapest grade of cigarettes. But though the Beech-Nut cigarettes at first sold at the rate of a billion a year, the volume of sales fell off when the competing companies cut their prices. That the Lorillard Company was unable to meet this competition is shown by this record to be because of the fact that the Beech-Nut cigarettes were inferior to other cigarettes of their class.

The injury to the Beech-Nut Packing Company’s reputation was two-fold, first in that the cigarettes were a low-priced commodity; and second, in that they were inferior to other cigarettes of similar low price. As before stated in this brief, the Beech-Nut Packing Company has always reserved its Beech-Nut trade-mark for goods of the choicest grade, and upon less choice commodities, by-products such as certain cuts of meat which are incidental to its business, but which, while wholesome and pure, are not the choicest cuts, the Beech-Nut Company has used other trade-marks, including the words “Erie,” “Mohawk” and “Holly” (*ante*, p. 25).

### INFERIOR QUALITY.

The inferiority of the Beech-Nut cigarettes is shown by the following extracts from the testimony of the witnesses, several of whom were witnesses called by the Lorillard Company.

James J. Creevan, salesman in a grocery store at Lawrence, Massachusetts, related the incident described in the following quotation from his testimony:

"A. A man came in and asked for a jar of Beech-Nut marmalade; I told him it was the best marmalade we had in the shop, and I said, here is the Beech-Nut man right here now, and he will tell you about it. The man said, 'If it isn't any better than the cigarettes, it is no good.'

"Q. 9. What did the Beech-Nut man say?

"A. I asked the Beech-Nut man if they didn't make the cigarettes, and he said, 'No,' so I sold the marmalade to the man then." (R. Vol. I, page 136)

Fred J. Hahn, manager of the cigar stand in the Larch and Title Building, Philadelphia, a witness for defendant testified (R. Vol. II, p. 1298, X-Qs. 5 to 11) that there was a demand for Beech-Nut cigarettes when they first came out but that people did not like them and soon stopped buying. It is a fair inference that the initial demand resulted from the name "Beech-Nut" and that that name was injured by the dissatisfaction of smokers with the cigarettes.

Franklin P. Stern, a Philadelphia tobacco dealer, was a witness for defendant (R. Vol. II, pp. 1300-1309). He testified on cross-examination that his customers did not like Beech-Nut cigarettes; that people tried them and then did not buy any more (R. Vol. II, p. 1305, X-Qs. 18, 19) that he reduced the price from 15 cents a package to 10 cents to get rid of them, and that when he got rid of them he replaced them with another brand (R. Vol. I,

p. 1304, X-Qs. 7, 8, 9). Mr. Stern stated on redirect that there was a price war on all brands of cigarettes at the time he reduced the price of Beech-Nut cigarettes, but on recross-examination he testified as follows:

"R-X Q. 1. As a matter of fact, in order to put an end to the discussion, you did cut the price more on your Beech-Nut cigarettes than you did on the other cigarettes?"

"A. Yes, because we consider that a dead brand.

"R-X Q. 2. You wanted to get rid of it?"

"A. We wanted to clean it up.

"R-X Q. 3. And you did not want to deal in it any more?"

"A. Not unless they came back.

"R-X Q. 4. Because your customers, having tried them, did not like them?"

"A. They did not like the cigarettes." (R. Vol. II, p. 1308.)

Edward G. Hoch, manager of the tobacco department of the Manufacturers' Club of Philadelphia, was a *witness for defendant* and testified (R. Vol. II, p. 1291, X-Qs. 2, 3) that, "We did not sell very many of them [Beech-Nut cigarettes] because the trade for the cheap cigarette is very limited here."

That the Beech-Nut cigarette was distinctly an inferior commodity that could not be sold in competition with other cigarettes at the same price is shown by the testimony of *defendant's witness*, Daniel M. Harbot, a Philadelphia tobacco dealer located in the factory district. We quote the following:

"X-Q. 4. How many packages of Beech-Nut cigarettes did you sell a week when they first came out; did they go pretty well for a while?"

"A. For the first couple of weeks they did, yes.

"X-Q. 5. Then they fell off?"

"A. Yes.

"X-Q. 6. How many are you selling now?"

"A. We sell a pack a week; if we sell a pack a week now we are lucky.

"X-Q. 7. What made the demand for them fall off?

"A. The other cigarettes dropped in price, Camels and the Piedmonts dropped down in price. When the Beech-Nut cigarettes first came out they were twenty for fifteen cents and we were getting twenty cents for Camels and Piedmonts, and then they dropped and that knocked the sale out of Beech-Nut cigarettes." (R. Vol. II, p. 1325.)

It clearly appears from the testimony of Mr. Harbo above quoted, and that of other witnesses herein quoted, that the Beech-Nut cigarette was so inferior that it could be sold only at a lower price than other cigarettes. In fact it appears from Mr. Belt's testimony, above quoted, that it was originally made to sell at 15 cents a package when other blended cigarettes were selling at 20 cents a package.

*Defendant's witness*, I. J. Lindenbaum, a cigar manufacturer and tobacco retailer at Milwaukee, Wisconsin, said that Beech-Nut cigarettes sold very slowly and testified as follows:

"X-Q. 75. Have you heard any complaints about them?

"A. Oh, yes, complaints. They have been made too dry or something. There is all kinds of complaints about them." (R. Vol. II, p. 1545.)

William H. Getzelman, manager of eleven retail tobacco stores in the "loop" district of Chicago, was a witness for defendant. He testified (R. Vol. III, p. 17, X-Qs. 95 to 99) that when the Beech-Nut cigarette first came out they went well, at the rate of 50,000 a month, which, he said, was good for a new cigarette, but that the sales had fallen off and were now only about a thousand a month. He had complaints about the Beech-Nut cigarette. He classes them as a cheap cigarette (R. Vol. III, p. 1697, X-Q. 73). Here again is testimony to large initial sales which are fairly attributable to

reputation of the Beech-Nut Packing Company and its goods, and subsequently a falling off of sales when the inferiority of the Beech-Nut cigarette became known.

Joseph S. Aisenberg, of Worcester, Massachusetts, a wholesale grocer, testified as follows:

"A. Well, knowing the Beech-Nut people as I knew them, and the quality they manufacture, from the line we handle in our own business, I was very much disappointed with the appearance of the package and the price of the cigarettes. I did not think that the quality and the appearance were in line with the general character of the quality of their products." (R. Vol. I, p. 149, Q. 10.)

The following is from the testimony of Edward J. Glynn of West Haven, Conn.:

"Q. 15. Did you find out when, as you have stated, you bought these cigarettes in the spring of this year in the belief that they were a Beech-Nut product, did you find that they came up to the standard of quality which you expected of a Beech-Nut product?"

"A. No, I did not." (R. Vol. I, p. 269, Qs. 15-16.)

T. J. Branigan, of New Haven, Connecticut, testified as follows:

"Q. 11. Did these Beech-Nut cigarettes that you bought in the belief that they were made by the Beech-Nut people, come up to your expectations as to quality?"

"A. No, they didn't.

"Q. 12. Did you ever buy any more Beech-Nut cigarettes after that first package?"

"A. No, I didn't." (R. Vol. I, p. 286, Qs. 11-12.)

The following is from the testimony of Daniel Huttner, of Chicago, Illinois:

"Q. 8. Why did you buy the package of cigarettes?"

"A. I am familiar with the goods of the Beech-Nut Packing Company and I purchased a package to try them out.

"Q. 9. Were you satisfied with the cigarettes?

"A. Well, I haven't bought any since." (R. Vol. I, p. 486, Qs. 8, 9.)

The following is a statement made by E. J. McFadzen, a grocer, of West Allis, Wisconsin:

"Q. 4. Do you smoke cigarettes?

"A. Yes, sir.

"Q. 5. What kind do you customarily smoke?

"A. Lucky Strike.

"Q. 6. Have you bought any other brand than Lucky Strike recently?

"A. A package of Beech-Nut cigarettes.

"Q. 7. Are these Beech-Nut cigarettes that you bought similar to this package I now show you, being Plaintiff's Exhibit 1 in this case?

"A. Yes, sir.

"Q. 8. Why did you buy these Beech-Nut cigarettes instead of Lucky Strike cigarettes?

"A. Why, I thought they would be good cigarettes, because I know Beech-Nut products are good, the ones I sell, anyhow.

"Q. 9. Did you believe they were a product of the Beech-Nut Packing Company?

"A. Yes, sir.

"Q. 10. Did you smoke this package of Beech-Nut cigarettes that you bought?

"A. Some of them, not all of them.

"Q. 11. Was your expectation as to the quality of the cigarettes realized?

"A. No." (R. Vol. I, pp. 555-556.)

Franklin G. Neal, of Springfield, Mass., a lawyer, testified as follows:

"Q. 9. You have stated that you seldom buy cigarettes, but that you did buy a package of these Beech-Nut cigarettes. Why did you buy these cigarettes?

"A. I expected to get a remarkable smoke.

"Q. 10. What led you to that expectation?

"A. Because I thought the cigarettes were made by the Beech-Nut Packing Company, and I am acquainted with their products.

"Q. 11. Do you know what made you think that

these cigarettes were made by the Beech-Nut Packing Company?

"A. Because the label appeared to me to be the Beech-Nut label.

"Q. 15. And what has been your experience with those products?

"A. I have always found them to be of the very highest quality—exceptional in every respect.

"Q. 16. After you had bought this package of cigarettes, what did you do?

"A. I smoked one of them.

"Q. 17. Was your expectation that you would find these cigarettes remarkable fulfilled?

"A. No.

"Q. 18. What did you then do?

"A. I looked the package over and found the name P. Lorillard.

"Q. 19. What did you then conclude, Mr. Neal?

"A. That there was some connection between the Beech-Nut Company and Peter Lorillard; or I mean to say there was probably some connection between the two since the label was the same on the Beech-Nut products and on these cigarettes.

"Q. 20. Do you now believe that there is some connection between the Beech-Nut people and the Lorillard Company?

"A. No. You told me within a day or two that there was not." (R. Vol. I, pp. 202-203.)

We have heretofore (*ante*, pp. 91, 92) referred to Plaintiff's Exhibits 12-A8 and 12-A9 (R. Vol. VI, pp. 2746-2747). These are letters from business men, cigarette smokers, who took the trouble to write to the Beech-Nut Packing Company that in their opinion the Beech-Nut cigarettes did not come up to the high standard of the other Beech-Nut products.

That the criticisms of Beech-Nut cigarettes made by the witnesses above referred to showed the existence of widespread conditions is further shown by the testimony of many retailers in different parts of the country who testify to the small and decreasing sales of Beech-Nut



cigarettes. Examples of such testimony appear in the Record Vol. II, as follows: p. 1159, X-Q. 37; p. 1166, X-Qs. 28 to 32; p. 1189, X-Qs. 15 to 17; p. 1198; p. 1216, X-Qs. 1 to 8; p. 1250, direct examination of Sol Levin; pp. 1437, 1438, X-Qs. 76 to 80; pp. 1465, 1466, X-Qs. 71 to 78; Vol. III, p. 1680, R-X Qs. 77 to 81; p. 1686, X-Q. 63; p. 1710, X-Q. 58; p. 1743, R-X Q. 103.

DEFENDANT'S WITNESS TESTIFIES AS TO CLOSE INTER-RELATIONSHIP OF BEECH-NUT TOBACCO AND OTHER BEECH-NUT PRODUCTS.

While the damage to the good-will of the Beech-Nut Packing Company is clearly demonstrated by the testimony above quoted and referred to, we shall refer at some length to the testimony of one more witness, Mr. Ferdinand Bieringer, a tobacconist of Boston, Massachusetts, who was called as a witness by the Lorillard Company. While friendly to the Lorillard Company Mr. Bieringer adhered to the facts conscientiously and his testimony is interesting as summing up the situation from a business man's standpoint. Mr. Bieringer has been in the tobacco business for twenty-five years (R. Vol. II, p. 920, Q. 5). He is the proprietor of a tobacco store in Boston and is also a member of the Bieringer-Hanauer Company, tobacco manufacturers' agents at Boston (R. Vol. II p. 912, Q. 6, and pp. 919-920, X-Qs. 1-4). He testified that he thought that the name "Beech-Nut" on the Lorillard Company's cigarettes benefited the Beech-Nut Packing Company's business in its Beech-Nut gum (R. Vol. II, pp. 915, 916, Q. 32, and pp. 923, 924, X-Qs. 36-37). In his answers to the following questions (X-Qs. 38-40) he enlarged upon his idea that the Lorillard business in Beech-Nut cigarettes helped the sale of Beech-Nut gum, and testified as follows in answer to the question next put to him:

"X-Q. 41. And because the cigarettes are good merchandise, as you say, it helps the gum?

"A. Yes; if it was poor merchandise I would say different. I would say it spoils their name of Beech-Nut." (R. Vol. II, pp. 924, 925.)

On redirect examination some questions were put to Mr. Bieringer, evidently in the hope that the witness might qualify the statement made in the answer above quoted, but the result was to draw out the equally true converse statement. Following are the concluding questions and answers on this point:

"A. If the gum was of a poor quality it would spoil the sale of the cigarette, you mean?

"R-D. Q. 62. Yes.

"A. Well, if it was a poor quality it might spoil the name in a way,—it might do that." (R. Vol. II, p. 936.)

Mr. Bieringer was impelled by his recognition of the fact that the name "Beech-Nut" would be associated collectively by the public with the Beech-Nut Scrap tobacco, the Beech-Nut cigarettes and the Beech-Nut chewing gum, to make a window display of all three of these products, to which the following questions and answers refer:

"X-Q. 63. When you made this display of this Beech-Nut gum and Beech-Nut cigarette and Beech-Nut scrap tobacco when you first got the Beech-Nut cigarettes, did you find that cigarette sold in your store pretty well?

"A. Well, they sold pretty fair, pretty well. I will tell you why they sold pretty good. They sold pretty good at that time because the Camel cigarettes, and all the other cigarettes were 18 and 20 cents a package, and Beech-Nuts were one of the first ones to come out with a price of 15 cents, and of course there was bound to be fair marginal profit for the retailer, and of course on account of that we pushed them. It was the man behind the counter that pushed the cigarettes, because there was a fair

marginal profit in them. That is the reason they sold very good at that time.

"X-Q. 64. Well, there were 15 cent brands of cigarettes on the market at that time, weren't there?

"A. Yes, there might have been, but they were made by small concerns; and then the friends of Lorillard—Lorillard has a lot of friends in the business, and they would do a great deal for Lorillard, while with the smaller companies they won't do it.

"X-Q. 65. And the Beech-Nut cigarette then went quite well from the very beginning?

"A. They went very well at that time, because on account of the price, that had a great deal to do with it, the new price of 15 cents. Of course since that time the price on other cigarettes has come down and of course the Beech-Nut cigarettes don't sell so well now." (R. Vol. II, pp. 929, 930.)

Mr. Bieringer's testimony shows the business man's ready recognition of the fact that the good-will of the Beech-Nut business in chewing gum is bound up with and vitally dependent upon the use that is made of the word "Beech-Nut" as a trade-mark or trade-name in the tobacco business, and of the fact that any discredit that may be brought upon the word "Beech-Nut" in the tobacco business will be carried over into the gum business, and *vice versa*. While Mr. Bieringer was very friendly to the Lorillard Company, as shown by his answers to cross-question 64 and other questions, and spoke as favorably as he could of the Beech-Nut cigarette, he had no hesitation in plainly stating that the relatively large sales of Beech-Nut cigarettes when they first came on the market were due to the fact that they sold at a lower price than other cigarettes, and that the sales dropped off when the prices of other cigarettes were reduced (X-Qs. 63 to 65 above quoted).

Mr. Bieringer's keen realization of the possibility of the value of a trade-mark and good-will being destroyed

by the sale of inferior merchandise is shown by the following questions and answers:

"X-Q. 53. The name does not make any difference?

"A. No difference. If you turn out Beech-Nut cigarettes in poor quality, you can't sell your brand,—you can kill your brand over night, just one lot of poor goods, just one little lot, that spoils the whole lot, and it will take ten years to get it back again on the market.

"X-Q. 54. In other words, if the name 'Beech-Nut' stands for quality goods in the mind of the public, and the consumer should buy just one or two items with that name on that he didn't like it would hurt the business very much?

"A. Well, the Beech-Nut, if it is very poor quality goods, it is not very good for the goods.

"X-Q. 55. It would hurt the whole thing, the gum business and all the other business?

"A. Yes; but Lorillard always produces the best, whatever they have . . . ." (R. Vol. II, pp. 927, 928.)

**DAMAGE RESULTING FROM OPPOSITION OF PEOPLE WHO CON-  
DEMN USE OF CIGARETTES AND CHEWING TOBACCO.**

The general belief that the Beech-Nut Packing Company is engaged in the chewing tobacco and cigarette business has caused serious injury aside from the quality of these commodities which the Lorillard Company has put on the market under the Beech-Nut trade-mark. It is a matter of general knowledge, and is shown by the evidence in this case, that the opposition to the use of tobacco, and to the use of cigarettes in particular, is so strong that anti-cigarette statutes have been enacted in several of the states. In four states the sale of cigarettes is prohibited by statute and many of the states have laws prohibiting the sale of cigarettes to minors (Fairfield, R. Vol. I, p. 646, Q. 57). The evidence shows that

those opposed to the use of cigarettes and tobacco have not only brought about the enactment of anti-cigarette laws, but that many of them have a personally unfriendly feeling for manufacturers of and dealers in cigarettes and tobacco, and will not patronize them even in lines of business not related to tobacco.

Alvah L. Conant, of Worcester, Massachusetts, withdrew his patronage from the Beech-Nut Packing Company because one of the Lorillard Beech-Nut cigarette bill-boards caused him to believe that the Beech-Nut Company was putting out cigarettes, and he advised his friends to withdraw their patronage (R. Vol. I, page 180).

Charles O. Larson, a grocer, of Chicago, said he would not deal with a company that made cigarettes (R. Vol. I, page 441, Qs. 5 to 9).

Henry Butcher, a grocer, of Holyoke, Massachusetts, said:

“My sentiments were that the Beech-Nut Packing Company’s standard was lowered by the fact that they were putting out cigarettes under their own label. I was very much surprised to think that they would do a thing of that sort. It seemed to me that the output of cigarettes and foods were decidedly at variance. One was beneficial and the other was not.” (R. Vol. I, pages 244-245, Q. 11.)

Mr. Butcher said that he did not use cigarettes and was opposed to the use of tobacco. (R. Vol. I, page 245, X-Qs. 15-16.)

Albert Marks, of Green Bay, Wisconsin, a head salesman for the Lorillard Company, was asked on cross-examination why one of his salesmen had left the employ of the Lorillard Company, and replied that the salesman had resigned with the explanation “that he didn’t like the idea of selling cigarettes, that his folks were objecting” (R. Vol. II, p. 1489, X-Q. 134).

Richardson S. Marks (R. Vol. I, p. 770), of Columbia,

South Carolina, stated that he had used Beech-Nut products ever since they came on the market in Columbia; that he bought them on their reputation for purity and had always found them satisfactory. He said that he first learned of the Beech-Nut cigarette when he saw the city placarded with advertisements and said: "I simply got disgusted as soon as I saw that this concern that I had a great respect for was manufacturing cigarettes." (R. Vol. I, p. 772, Q. 21.) He stated that he was led by the name and label to believe that the cigarettes were the product of the Beech-Nut Packing Company. He told Mr. Thornton, the representative of the Beech-Nut Company, that he "was very much surprised and disgusted at the Beech-Nut people for manufacturing and putting out something that would ruin people." (R. Vol. I, p. 773, Q. 26.) His wife was as much opposed to cigarettes as he was and they resolved not to buy any more Beech-Nut products but were informed by Mr. Thornton that the Beech-Nut Company did not manufacture the Beech-Nut cigarettes and did not deal at all in tobacco. He said he thought cigarettes a menace to young men and boys and would not buy from anyone who manufactures them. (R. Vol. I, p. 773, Qs. 27, 31.)

We have referred above (*ante*, p. 88) to letters to the Beech-Nut Packing Company from the Oakland (California) Enquirer enclosing editorials from that paper denouncing proposed anti-cigarette legislation in the States of Utah and Washington, and (*ante*, p. 115) to the fact that the sale of cigarettes is prohibited in four states by law and that many other states have laws prohibiting the sale of cigarettes to minors. Sentiment against a business strong enough to inspire prohibitory legislation could not fail to have an injurious effect on any business apparently associated under the same ownership with the condemned business.

The extent of the sentiment against the use of cigarettes is further shown by the testimony of Mr. Frank M. Fairfield, who for many years has been active in the anti-cigarette movement.

Frank M. Fairfield (R. Vol. I, p. 636), who has practiced law in Chicago for over twenty-five years, is chairman of the board of directors of the International Anti-Cigarette League. He had been interested in the anti-cigarette movement for six or seven years, is district commissioner of the Boy Scouts of America, chairman of the Board of Examiners of the American Red Cross Life Saving Corps, chairman of the Boy Scout committee of the Hamilton Club of Chicago, one of the officers of the American Swimming Association of Boston and was one of the organizers and has always been secretary of the Sane Fourth Association. The following are some of the officers and directors of the International Anti-Cigarette League (R. Vol. I, p. 637, Q. 8); William T. Smith, a department manager of Marshall Field & Co., treasurer; Hudson Maxim, high explosive inventor, vice-president; Mrs. L. E. Wooster, State Superintendent of Schools of Kansas, a vice-president; C. W. Barrett, M. D., head of a department of the Cook County Hospital and a professor in the University of Illinois and in the Chicago Polytechnic School, vice-president; Judge Victor P. Arnold, of the Chicago Juvenile Court, a director; Frederick L. Rossback, ex-president of the Hamilton Club of Chicago, a director; A. N. Marquis, editor of "Who's Who in America," a director. Mr. Fairfield said (Q. 16) that the league has about six hundred local units in the United States; that its work is educational, curative and law enforcing (Q. 17), and is directed to boys, adults, legislators and anyone seeking its services. The league, he said, reaches boys through the Boy Scouts, Y. M. C. A., colleges, schools,

Salvation Army, Rotary Clubs, the Boys International Clean Life Army and organizations for the safeguarding of the health and morals of boys (Qs. 20 and 28), and reaches adults through the International Education Association, Parent Teacher Association, the Salvation Army, women's clubs, men's clubs and numerous other organizations (Q. 21). The league distributes information by means of printed matter, pamphlets, letters, moving picture films, lecturers and any way that is desired by those wishing the co-operation of the league (Q. 22). Up to a year ago he said the league was sending out about 17,000 pieces of printed literature a month, but since that time they have had a number of co-operating agencies which make a large demand for literature and they are now sending out 100,000 a month. In answer to question 31 Mr. Fairfield named eighteen organizations that are officially allied with the International Anti-Cigarette League, including the Boy Scouts of America, the Chicago Department of Education and Superintendent of Schools, the Salvation Army, the Federated Women's Clubs, the Women's Christian Temperance Union and the Rotary Clubs. Mr. Fairfield described the co-operation between the Anti-Cigarette League and the Rotary Clubs, and said that through the Boy Scouts the league reaches 600,000 families and that the total number of families reached would, he thinks, be a million (Q. 35). Mr. Fairfield testified that four states of the Union have laws prohibiting the sale of cigarettes, that many states have laws prohibiting the sale of cigarettes to minors and that legislation is pending in several states now (Q. 57). Mr. Fairfield (Q. 58 *et seq.*), was led by the name and label to believe that the Beech-Nut cigarettes were the product of the Beech-Nut Packing Company and continued in that belief until informed to the con-



trary by one of plaintiff's counsel a few weeks before testifying. He described his impressions as follows:

"Well, I always had a very high regard for the Beech-Nut Packing Company. They had advocated purity in products during their entire existence. I presumed everything that they produced was pure until I saw that they were putting out a cigarette. I presumed that they were on account of their name, label on it. And I thought they were degenerating—going down hill. Trying to impose upon the people by claiming that they could produce a pure cigarette, taking advantage of the good name that they had created for a great many years for purity of product. Taking advantage of the people by getting them to accept the cigarette under the guise of purity.

"Q. 63. Would you use Beech-Nut products while you were under that impression?

"A. Not if I knew it." (R. Vol. I, p. 646, Q. 62.)

Upon cross-examination (R. Vol. I, p. 657, R-X Qs. 145, 146) the fact was brought out that Mr. Fairfield receives no remuneration from the Anti-Cigarette League, and that he contributes money to its support.

#### CONSIDERATIONS HITHERTO INFLUENCING BEECH-NUT COMPANY TO POSTPONE TAKING THE NATURAL STEP OF SELLING TOBACCO PRODUCTS.

To a company engaged in general merchandising and dependent for its success upon the general purchasing public the addition to its business of a commodity which is in disfavor with and severely condemned by a considerable portion of the public is a matter for the most serious consideration. The very considerable profits which the officials of the Beech-Nut Packing Company were confident they could realize from the sale of cigarettes had caused them to consider the subject at intervals for many years, but the fear of a prejudicial effect upon the other business of the company had prevented the

addition of cigarettes to the line of Beech-Nut products. Upon this point W. C. Arkell, assistant secretary of the Beech-Nut Packing Company testified as follows:

"Q. 11. How long has the Beech-Nut Co. had under discussion the sale of cigarettes under the Beech-Nut label?

"A. That matter has been considered as far back—I forget—possibly two or three years before the war, something like 1914, 1915, 1916. I went in the army in 1917 and it was way ahead of that." (R. Vol. IV, p. 2189, Q. 11.)

Mr. Barbour, vice-president and general manager of the Beech-Nut Packing Company testified as follows regarding the attitude of his company on the question of dealing in cigarettes:

"Q. 15. Would it be within the natural and ordinary expansion of your business to add cigarettes to your line?

"A. Well, in one way it would. We are now calling on the tobacco trade, the grocery trade, and drug trade—all of which handle cigarettes and tobacco, and from that standpoint it would be most consistent for us to handle cigarettes. We could merchandise them without any added expense so far as our salesmen are concerned in salaries and traveling expenses. On the other hand, there are a great many people who are buying Beech-Nut products, and women buying most of them, who are opposed to tobacco in any form, which might make us feel we might not want to handle tobacco or cigarettes." (R. Vol. I, p. 785.)

Mr. Barbour also stated (R. Vol. I, p. 792), that plaintiff had never put any cigarettes on the market except in an experimental way, but that at one time they had engaged the services of a man who was recommended as having examined and blended many tobaccos but that they never obtained any machinery or other equipment for going into the tobacco business. Mr. Barbour's testimony shows that the possibility of antagonism from

those of their customers who were opposed to tobacco and cigarettes was one of the considerations which has so far influenced plaintiff to keep out of that business. The Beech-Nut Packing Company sacrificed the profits that might have been realized from tobacco and cigarettes in order to avoid damage to the good-will of its established business. The Lorillard Company has taken the profits and left the Beech-Nut Packing Company the damage.

## **ERRORS OF THE CIRCUIT COURT OF APPEALS.**

There was error both of fact and law in the conclusion of the court below that the Lorillard Company has not violated the law of trade-marks and unfair competition because the business of the Lorillard Company is confined to tobacco and cigarettes and that of the Beech-Nut Company to food products. The error of law lay in making the character of the goods the test of legality instead of looking to the presence or absence of unauthorized appropriation of and injury to the good-will of the Beech-Nut Company's business as the factor of determining weight upon the question of the legality of the acts complained of. The error of fact lay in the finding of the court below that the Beech-Nut Company's business is confined to food products, whereas the manufacture of chewing gum constitutes more than half of the business of the Beech-Nut Company.

In its ultimate analysis the error of the court below consisted in disregarding the real issue—the question of fraudulent appropriation of and injury to good-will; in basing its decision on the classification of the goods sold by the parties; in arbitrarily and erroneously selecting the food value of the goods as the basis of classification; in erroneously finding that there is a substantial, or any perceptible or real, difference between the food values of chewing gum and chewing tobacco; and in concluding that such erroneously assumed difference between the food values of chewing gum and chewing tobacco gave the Lorillard Company a legal right to appropriate and injure the trade-mark, name and good-will of the Beech-Nut Company's business.

## ARGUMENT.

### Summary of Argument.

The purpose of the law of trade-marks and unfair competition is the protection of the good-will of a trade or business. Unauthorized appropriation of and injury to the good-will of a business is a violation of the law whether the good-will so appropriated be utilized in a business of the same kind as that to which the good-will is properly appurtenant or in some other kind of business. The good-will of a business is dependent upon fair dealing, not upon fair dealing in some particular kind of merchandise only. The injury done to a person by the belief on the part of the public that a certain defective or objectionable commodity is the product of that person's business is not canceled by the fact that he does not deal in that commodity or in any commodity of the "same descriptive properties." The vital thing is what the public believes, not what the unknown truth may be. The vice lies in the misrepresentation under which the goods are sold—not in the properties of the goods. Where the goods sold by the parties are of the same kind there is additional injury in the loss of sales, but there may be, as in the instant case, misappropriation of and injury to good-will without direct competition and the loss of sales caused thereby, and it is easily to be seen that there might be cases in which there would be loss of sales without injury to good-will, as where the party who appropriates the trade-mark or name of another sells goods of the same kind but of so satisfactory a quality and price that no discredit is cast upon the business to which the trade-mark or name properly belongs. Injury to good-will and injury by loss of sales are separate and distinct wrongs. Either may exist without the other.

Whether in any particular case the owner of a trade-mark or trade name has the right to prevent a stranger from using that mark or name in connection with goods of a kind not dealt in by the original owner of the mark or name must be determined from the facts in the case in which the question arises. If the stranger's use of the mark or name has the effect of deceiving or confusing the public, thereby placing the reputation and good-will of the business at the mercy of the stranger and beyond the control of the owner of the business, then there has been an infraction of the law. The error of the court below lay in attempting to resolve this question without regard to the effect upon the good-will and reputation of the business in which the name and mark were first used, and by assuming the existence of an arbitrary general rule limiting the party's right in his trade-mark or name to goods of a particular class without regard to the possibility or fact of injury growing out of the unauthorized use of the name or mark by another in connection with other goods.

The part of the Subject Index entitled "Argument" consists of a summary of the principal topics and propositions discussed in the following pages.

### **Decision of the Court Below.**

#### **ERROR IN MAKING "CLASS" AND "DESCRIPTIVE PROPERTIES" OF THE GOODS THE TEST OF THE RIGHTS OF THE PARTIES.**

The court below rests its decision upon its conclusion that "food products" and tobacco do not belong to the same "class," or are not of "the same descriptive properties," and are not competitive products. The court below finds that the Beech-Nut Packing Company deals only in food products. Later we shall refer

to the fact that chewing gum, the principal product of the Beech-Nut Packing Company, bears about the same relation to food products as does the chewing tobacco made and sold by the Lorillard Company. Neither the gum in chewing gum nor the tobacco in chewing tobacco is a food. Both chewing gum and chewing tobacco are sweetened with sugar (Formula of Beech-nut tobacco, R. Vol. VI, p. 3050). There seems to be no substantial distinction between the two commodities in their properties as articles of diet, but inasmuch as the court below has made this distinction the foundation of its decision, it will be interesting to ascertain the basis of the court's reference to a system of classification and to the "descriptive properties" of merchandise as determinative of the question of the right of one party to impersonate another in business by appropriating his trade-mark, trade-name or other means of identification.

*These Words in the Trade-Mark Statute—No Possible Effect Where Jurisdiction is From Diversity of Citizenship.*

The words "class" and "same descriptive properties" occur in several connections in the Trade-Mark Act of February 20, 1905, Ch. 592 (33 Stat. L. 724). Whatever these terms mean they can have no possible effect upon any action or suit other than one in which the court's jurisdiction rests exclusively on the statute. Where the jurisdiction rests on diversity of citizenship the law applied by the court is the common-law of unfair competition and trade-marks. Section 23 of the Trade-Mark Act of February 20, 1905 (quoted in Appendix G, App., p. 99), expressly provides that nothing in the statute shall lessen or avoid any remedy any party would have had if the Act had not been passed, and, in

any event, as stated by this Court in the Simplex case (*American Steel Foundries v. Commissioner of Patents and Simplex Co.*, 269 U. S. 372, 381), Congress has been given no power to legislate upon the substantive law of trade-marks.

*In Equity No Arbitrary Rule Based on Character of Goods.*

In the suit at bar there is jurisdiction by reason of the diversity of citizenship of the parties as well as jurisdiction based upon the fact that the Beech-Nut Packing Company has registered its trade-mark under the statute. Therefore, even if some limitation growing out of classification and descriptive properties is imposed upon purely statutory actions, such limitation has no bearing on the suit at bar where diversity of citizenship gives the court jurisdiction of the parties for the purpose of administering the common law of unfair competition and trade-marks. For this reason we believe that any reference to classification of goods and the descriptive properties of merchandise as the determinative factor in this case, is altogether irrelevant and erroneous, but we further find that by the very terms of the statute the limitation to cases in which the goods of both parties are of the "same descriptive properties" applies only to actions at law for the recovery of damages, and that no such limitation occurs in the section of the statute defining the power of the courts in suits in equity.

Section 16 of the Trade-Mark Act of February 20, 1905, Ch. 592 (33 Stat. L. 724, quoted in full in Appendix G, App., p. 98) provides that any person applying a registered trade-mark to merchandise "of substantially the same descriptive properties as those set forth in such registration . . . shall be liable to an action for



damages." The words "action for damages" and the fact that another section of the statute, Section 19 (quoted in full in Appendix G, App., p. 99), contains express provision for suits in equity "to prevent the violation of *any right* of the owner of a trade-mark registered under this act," leads to the conclusion that it is only the remedy in an action at law that is restricted to the use of the trade-mark on goods of the same "descriptive properties," and that in suits in equity, even where the court's jurisdiction rests solely on the registration of the trade-mark under the statute, the remedy may extend to an injunction against "the violation of *any right* of the owner" of the registered trade-mark. In fact these are the express provisions of the statute and no escape from them seems possible, especially as the power of granting an injunction to restrain a wrong not remediable at law is the particular province of the court of equity.

Therefore both the jurisdiction based upon the registration of the Beech-Nut trade-mark under the statute and the jurisdiction resting upon diversity of citizenship extend to any wrongful act cognizable in equity. But, while the principles of equity in their application to trade-mark and unfair competition cases are not limited by any arbitrary rule based upon the class or descriptive properties of the goods dealt in by the parties, the character of the goods is an element of importance as an evidential fact in cases where there is no direct evidence to establish the presence or absence of deception or confusion of the public. Where the direct evidence leaves the issue untouched, or in doubt, the courts perforce resort to inference from such facts as are before them. But where the fact of deception is proved beyond a reasonable doubt, no place is left for inference as to what the fact is. In the suit at bar the fact of universal deception of the purchasing public has been proved beyond a reasonable

doubt by direct evidence, and yet the court below has disregarded that proof and based its decision upon the differences between the goods dealt in by the parties, and its ruling that purchasers "should not be mistaken and certainly not deceived" (R. Vol. V, p. 2702; 7 F. (2d) 971).

*Court Below Applies Conflicting Rules to the Trade-Mark and Unfair Competition Aspect of the Same Facts.*

The court below has discussed the case in two branches, treating the question of trade-mark infringement separate and apart from the question of unfair competition. Though there may be cases in which this distinction involves some question of jurisdiction or procedure, there appears to be no reason for adjudicating the instant case, considered as a trade-mark case, by the application of a principle which is inconsistent with the principle applied to it when considered as an unfair competition case. But that is precisely what the court below has done, and the inconsistency has arisen from the court's failure to apply to both aspects of the case the one common fundamental principle, namely, that the owner of a trade-mark or other identifying symbol is entitled to protection against such use thereof by others as will result in a misappropriation of his business reputation and good-will. The court below states the law of trade-marks upon which it has decided this case in the following words:

"The general rule of law on this subject is that the owner must have used his trade-mark on the same *class* but not necessarily on the same species of goods as the alleged infringer in order to entitle him to its protection against infringement." (R. Vol. V, p. 2699.)

Treating the case as an unfair competition case the court below gives the following as the rule of law for its decision :

“And so courts have held that there must be a real, present, or prospective competition; that is, an endeavor to get the same trade from the same people at the same time.” (R. Vol. V, p. 2701.)

Now, it is quite obvious that if a party who has used his trade-mark on only one species of the goods comprised in a class is entitled to prevent others from using that trade-mark on any species of goods included within that class, as set forth in the first of the two foregoing quotations, then he is entitled to protection that is expressly excluded by the principle stated in the second quotation, where it is provided that there must be an endeavor to get the same trade from the same people at the same time. Rye bread and truffles are both foods, and belong to the class of foods. By the first principle announced by the court below the owner of a trade-mark for rye bread, who has used it on nothing but rye bread, is entitled to exclude others from using the same trade-mark in connection with truffles. But by the second principle stated by the court below the man who has used the trade-mark on rye bread only, is not entitled to prevent any other person from using the same mark on truffles, because the effort of the one to sell rye bread and of the other to sell truffles could by no stretch of imagination be construed as an effort of both to get the same trade of the same people at the same time. No such inconsistency can possibly arise if the law of trade-marks be considered merely a branch of the law of unfair competition, as this Court has more than once ruled it to be. Both classes of cases might well be considered as parts of the law of business good-will. The application of the same test to both, namely, the presence or absence of deception

of the public and appropriation of business good-will, leads to results that are always consistent and in harmony with justice and equity. Analysis based upon arbitrary rules, and upon words, such as the words "competition" and "descriptive properties," leads to inconsistency and fallacy as it has done in the instant case.

*Lower Court's Emphasis of Importance of Classification of Goods.*

The determinative weight given by the court below to the arbitrary rule of classification which it lays down is emphasized by its frequent comparisons of foods with tobacco. The court refers to the fact that tobacco is in Patent Office Class No. 17 and food in Class No. 46; that "the Treasury Department treats them as of different classes" and "has always taxed tobacco products just as it did liquor products, but has never taxed food products"; that food promotes the growth of animal or vegetable life and is a necessity, while tobacco contains no nutrition but is a narcotic (R. Vol. V, p. 2700).

In one paragraph of its opinion (appearing at the bottom of page 2701 of Volume V of the Record) the court states that it is aware that equity may be invoked without market competition. But in the second preceding paragraph the court gives its approval to the rule that there is no wrong unless there is "an endeavor to get the same trade from the same people at the same time," and in a later paragraph, after referring to the injury sustained by the Beech-Nut Company, the court says that "This resulted from the similarity of trade-marks on distinct and unrelated classes of merchandise. But from confusion and injury caused by similarity of names, courts will not relieve." (*Ibid*, top of page 2703.)

*Howe Scale Case and Canal Co. Case, Cited by Court Below, are not Authority for its Decision.*

The court below makes the statement that "It is not the use, but dishonesty in the use, that is condemned . . .," and cites *Howe Scale Co. v. Wyckoff, Seamans & Benedict*, 198 U. S. 118, 140, and cites and quotes from *Canal Co. v. Clark*, 13 Wall. 311, 327 (R. Vol. V, p. 2703). The first of the two cases mentioned is authority for the rule that a man may use his own name in business provided the use be not accompanied with circumstances that make it fraudulent and deceptive, and the second of the cited cases is authority for the rule that the use of geographic words in trade is open to all who make honest use of them.

In the suit at bar we do not have a case of a defendant using his own name, honestly or otherwise, or the case of a party using a geographical term, either honestly or otherwise. We have the case of a party misappropriating an arbitrary name adopted by and belonging to another as both a corporate name and a trade-mark, using in connection with the misappropriated name all of the ornamental and distinctive characteristics of design which are used by the rightful owner of the name, and thereby causing universal deception of the purchasing public. The authorities cited by the court below have no relevancy to the suit at bar. We will briefly state the facts in the two cases cited by the court below as authority of this Court for the decree appealed from.

The Howe Scale Company, defendant and appellant in *Howe Scale Co. v. Wyckoff, Seamans & Benedict* (198 U. S. 118), was sales agent for the Remington-Sholes Typewriter Company, and Wyckoff, Seamans & Benedict were manufacturers of the Remington typewriter. Z. G. Sholes was a son of C. L. Sholes, who was the inventor

of the most important features of the Remington typewriter. In 1892 Z. G. Sholes invented a new form of typewriter and organized the Z. G. Sholes Company to make it. Franklin and Carver Remington, sons of Samuel Remington, formerly president of E. Remington & Sons, the original manufacturer of the Remington typewriter, bought a three-fourths interest in Sholes' invention, Sholes retaining the other fourth. Thereafter the Remington-Sholes Typewriter Company was organized, and the typewriter made by the company was marked "Remington-Sholes, Chicago," and with the trade-mark "Rem-Sho." This Court found that "the name 'Remington-Sholes Company' is not identical with, or an imitation of, 'Remington Standard Typewriter Company,' that the trade-mark 'Rem-Sho' was not imitative of any of Wyckoff, Seamans & Benedict's marks," and stated that "the use of two distinct surnames clearly differentiated the machines of defendant from those of complainant, . . ." (*Ibid*, p. 139.)

In *Canal Co. v. Clark* (13 Wall. 311) the Delaware and Hudson Canal Company sought to enjoin Clark from calling the coal which he sold "Lackawanna coal." The Lackawanna valley was known by that name long before the business of either of the parties to the suit came into existence. The coal mines of both parties to the suit were in the Lackawanna valley and so also were many other coal mines owned by others. All of these mines yielded the same kind of coal, that of plaintiff and defendant in the suit being alleged by plaintiff to be indistinguishable. It was upon these facts that this Court affirmed the decree of the lower court refusing to enjoin Clark from calling his coal "Lackawanna coal."

In the typewriter case Remington and Sholes used their own surnames in a manner that was not deceptive and that clearly distinguished their product from that of

the other party, and in the Lackawanna case Clark called his coal by the name of the district in which he, in common with many others, mined coal of precisely the same kind. The typewriter case proceeds upon the principle that a man may use his own name in connection with the sale of any kind of goods provided there is nothing deceptive in the manner in which he uses it. The coal case decision follows the established principle that no one may have a monopoly of a merely geographic name.

The decision of the court below is based upon the assumption that because a man may use his own name in any non-deceptive manner, and because a man who digs coal in a certain locality may designate it by the name of that locality, it is right and lawful for a party to take a name which is not his own, and is not geographical, and to make use of it in trade with the effect of universally deceiving purchasers, and that he may not only do this, but that he may make sure of the deception by printing the name in precisely the style in which the true owner of the name prints it in his business, and may accompany the appropriated name with an essentially exact copy of all of the accessory ornamentation and details with which the true owner of the name surrounds it in his trade-mark. It is needless to refer in detail to the passage quoted by the court below from the opinion of this Court in *Canal Company v. Clark*. The meaning of this court's statement is perfectly clear. Even when quoted apart from the context, as in the opinion of the court below, there is nothing in the quotation to contribute any support to the view of the suit at bar taken by the court below.

**THE COURT BELOW IN ERROR REGARDING COMBINATION IN  
SAME BUSINESS OF MANUFACTURE AND SALE OF FOOD AND  
TOBACCO PRODUCTS.**

The court below said (R. Vol. V, p. 2702) that "no company ever combined the manufacture and sale of food and tobacco." The court overlooked the fact, mentioned in brief and argument below, that Mr. Belt, vice-president of the Lorillard Company, testified that Park & Tilford, the well-known New York grocers, have a cigar factory of their own for the manufacture of their own brands of cigars (*ante*, p. 100, and R. Vol. V, p. 2615). Mr. Belt also testified that the Liggett Drug Company, which operates a chain of drug stores, Sprague, Warner & Co., wholesale grocers of Chicago, and Stickney & Co., wholesale grocers of St. Louis, all own their own tobacco trade-marks (R. Vol. V, pp. 2615-2617). It does not appear from Mr. Belt's testimony whether any of these companies own tobacco factories of their own as did Park & Tilford. Mr. Charles stated that his firm, Charles & Co., fancy grocers of New York City, have their own tobacco brands, and that it is a general custom for grocers to put out tobacco products under their own trade-marks without any connection with the name of the manufacturer (*ante*, p. 100, and R. Vol. V, pp. 2465, 2466). In the face of the proved fact that a large and prominent grocery house, Park & Tilford, has its own cigar factory, and in the face of the proved general custom, illustrated by specific instances, of grocers to have their own exclusive tobacco trade-marks, the court below stated that "the evidence shows that no company ever combined the manufacture and sale of food and tobacco." Inasmuch as universal deception of the public has been proved by direct evidence in the instant case, it is not material whether the goods were dealt in by the same or different



dealers, but the point is of interest as showing that it was nothing unusual for the public to see and buy food and tobacco products put out by the same company, and that the court below misapprehended the facts.

**POSSIBILITY OF SUBSTITUTING ONE PRODUCT FOR ANOTHER  
IS NOT THE LEGAL TEST IN THE SUIT AT BAR.**

As reason for its decision the court below makes the statement (R. Vol. V, p. 2702) that

“The evidence shows that its (defendant's) goods have in no way been confused with those of the plaintiff so that when a purchaser desired a certain brand of plaintiff's goods, he in fact secured those of defendant.”

This can only mean that when a purchaser wanted some product of the Beech-Nut Company, say a jar of sliced bacon, the salesman could not hand the purchaser a package of Beech-Nut chewing tobacco or cigarettes and make him think he was getting a jar of bacon. This seems quite obvious, but the fact that one kind of deception could not be practiced does not justify another kind. If the purchaser wanted, and bought, tobacco or cigarettes, and was led to believe that they were the product of the Beech-Nut Packing Company, when they were in fact produced by the Lorillard Company, the transaction involved misappropriation of the Beech-Nut Company's business reputation and good-will regardless of whether the Beech-Nut Company did or did not deal in tobacco and cigarettes. If the Beech-Nut Company did itself deal in tobacco and cigarettes there would be additional injury in the loss of profits on a particular sale. There would be no distinction between the two cases otherwise.

AFTER ERRONEOUSLY ADOPTING THE "DESCRIPTIVE PROPERTIES" OF THE GOODS AS THE TEST OF THE RIGHTS OF THE PARTIES THE COURT BELOW APPLIED THAT TEST IN A WAY THAT WOULD BE ERRONEOUS IN ANY CASE, AND TO ASSUMED FACTS WHICH DO NOT EXIST IN THIS CASE.

While we believe that consideration of this case from the standpoint of the character of the goods is erroneous on account of the presence of direct proof of deception of the public, we also believe that a proper consideration of the character of the commodities dealt in by the parties would lead by inference to a conclusion identical with that proved by the evidence to be correct. Under the two following titles we show the irrelevance of the basis of classification adopted by the court below, and the erroneous finding of fact to which it applied the classification so adopted.

*Commercial Custom and Association in Trade are the Proper Basis of Classification for the Purposes of the Law of Unfair Competition.*

While the court below refers repeatedly to the "class" of the goods dealt in and to the "descriptive properties" of the goods, there nowhere appears in the opinion any reference to authority for adopting the particular system of classification or particular "descriptive properties" which the court had in mind. There are chemical properties, physical properties, electrical properties, medicinal properties, properties as foods, properties that determine how and in association with what other things an article or commodity will be manufactured or otherwise produced, properties that determine with what other things an article or commodity will be associated in trade and properties of an indefinite kind and number, some of which will be relevant for one purpose and some for another.

For the purposes of the law of unfair competition we believe that the relevant properties are those that bear upon the association of different articles and commodities in trade. A buck-saw and a tenpenny nail are both hardware because of their association in trade, and not because of any resemblance between their physical, chemical or other inherent properties, or because of any similarity in the use to which they are put or the effect they have when used. This is the view taken by the Court of Appeals for the Second Circuit in *France Milling Company v. Washburn-Crosby Co.*, 7 F. (2d) 304, 305, where it says:

“Classification of any commercial article depends far more on commercial custom than upon the inherent nature of the product. Dog biscuit and pilot bread are closely allied in physical origin, and so are guncotton and calico, but in commercial classification they are poles apart.”

The many different things that are classed as groceries, or as drygoods, or as stationery, are so classed because of the channels of trade through which they flow. A multitude of reasons that could not possibly be traced have brought about a more or less definite grouping in the buying and selling of different articles and commodities. This grouping is primarily related to the convenience of the ultimate purchasers, the effort of the retailer to have in his store those things which the purchasers expect to find in a store of the kind he keeps, and which it is convenient for them to find there. And so it has come about that when retail buyers become familiar with the trade-mark which a manufacturer or dealer uses upon several different commodities which are ordinarily sold in a certain kind of store, they think that any new commodity sold in the same kind of store and under the same trade-mark is the product of the same manufacturer or dealer. The public is thor-

oughly familiar with the fact that large business houses and manufacturers deal in and make a wide variety of products. Everyone knows that the large packing houses are not confined to the sale of beef, mutton and pork, and is familiar with the fact that these same concerns manufacture and deal in soap, glue, butter, eggs, cheese, cleansing powders, canned goods, meat extracts and practically anything that their manufacturing and distributing facilities are adapted to. Therefore when a purchaser sees the name Swift & Co., or Armour & Co., or Beech-Nut on some product that he had not seen it on before, and sees it in the same store where other products of these companies are sold, he instantly accepts the new product as the product of the company of that name with which he has long been familiar.

But the court below says:

“The crux, therefore, of the trade-mark branch of this case is whether or not the products of the plaintiff and defendant belong to the same class or belong to distinct and unrelated classes, not having ‘the same descriptive properties.’” (R. Vol. V, p. 2700.)

and of the unfair competition aspect of the case the court below says there can be no offense unless there is “an endeavor to get the same trade from the same people at the same time.” (R. Vol. V, p. 2701.) The theory of the decision below is that the law is indifferent to the act of a defendant who impersonates the plaintiff, profits by his appropriation of the plaintiff’s identity, and injures the plaintiff’s business reputation, that the law is not concerned with wrongful appropriation of and injury to business good-will, but solely with the likeness or unlikeness of the commodities dealt in by the parties. And taking even this basis of decision the court below does not apply it to the facts of the case but to assumed facts which have no existence in reality, as clearly appears in the following paragraph.

*Fundamental Error of Fact in Erroneous Finding of the Court Below that the Beech-Nut Company Deals In Food Products Only.*

The court below says in its opinion (R. Vol. V, p. 2700):

“It is undisputed that the plaintiff and its predecessor in business have always dealt in food products only and that the defendant and its predecessors have always manufactured and sold tobacco and have never dealt in food products.”

This proposition is not undisputed. It is denied. Plaintiff started the manufacture and sale of chewing gum in 1911, and at the time of the trial of this suit its sales of chewing gum constituted over half of its total business (*ante*, pp. 19, 22). No one regards chewing gum as food, no one buys it for food. We doubt if the most enthusiastic advertiser of chewing gum ever thought of recommending chewing gum as a food or enlarged on its nourishing qualities. Chewing gum has just about as much claim to virtue as a food as has chewing tobacco. Popularly neither of them are regarded as foods. Both chewing gum and chewing tobacco contain sugar. The Lorillard Beech-Nut scrap tobacco was made sweeter than brands previously made by the Lorillard Company (*ante*, p. 51; for a chewing tobacco formula, see R. Vol. VI, p. 3050, where the formula for the extinct Weissinger Beechnut tobacco appears, including sugar, salt, licorice and glycerine besides tobacco scraps). Either both products are foods on account of the sugar they contain or neither are foods.

The Beech-Nut Company also deals in non-alcoholic beverages. Beginning with the year 1919 such beverages were regular products of the company listed on its nationally distributed price lists. Ginger ale is listed on the 1919 price list (R. Vol. VI, p. 2805); ginger ale, birch beer

and sarsaparilla are listed in 1920, 1921 and 1922, and these same products together with root beer are listed in 1923 (R. Vol. VI, pp. 2807 to 2814). Mr. Barbour, vice-president and manager of the Beech-Nut Company testifies regarding the sale of beverages (R. Vol. I. p. 790, X-Q. 41 *et seq.*).

Inasmuch as the court below attached weight to the Patent Office classification of articles of commerce, we mention the fact that the Patent Office, acting under the amendatory Trade-Mark Act of May 4, 1906, Section 2, has separately classified beverages and foods under the following class numbers and titles: "45. Beverages, non-alcoholic," and "46. Foods and ingredients of foods." (The pamphlet issued by the Patent Office containing the trade-mark statutes and rules of practice is in evidence as Defendant's Exhibit No. 34. Page 46 of this pamphlet, upon which the classification of merchandise appears, is reproduced at page 2941 of Volume VI of the Record.) This classification is authorized by Section 2 of the amendatory Trade-Mark Act of May 4, 1906, ch. 2081 (34 Stat. L. 169); which reads as follows:

"Sec. 2. That the Commissioner of Patents shall establish classes of merchandise for the purpose of trade-mark registration, and shall determine the particular descriptions of goods comprised in each class. On a single application for registration of a trade-mark the trade-mark may be registered at the option of the applicant for any or all goods upon which the mark has actually been used comprised in a single class of merchandise, provided the particular descriptions of goods be stated."

It is quite obvious, as stated in the statute, that the classification is "for the purpose of trade-mark registration" and that its only intended effect, and the only effect within the power of Congress, was administrative,—to limit the number of different kinds of commodities for

which a trade-mark could be registered upon one application and for the payment of one fee. We believe that any discussion of Patent Office classification in the consideration of a substantive question of trade-mark law only tends to confusion of thought, and we are impelled to refer to this subject only for the purpose of showing the fallacy of attaching weight, as did the court below, to the list of classes established by the Commissioner of Patents.

The court below, however, has attached determinative weight to classification, and, furthermore, in applying this irrelevant test has either completely overlooked the principal product of the Beech-Nut Packing Company, chewing gum, and its extensive production of beverages, or it has justified the Lorillard Company's invasion of the rights of the Beech-Nut Company on a distinction between the value of chewing gum and non-alcoholic beverages on the one hand, and the value of chewing tobacco on the other, as articles of diet. The court below does not explain what relation there may be between the Lorillard Company's appropriation of the good-will of the business of the Beech-Nut Company and a scientific determination of the relative food values of chewing gum and chewing tobacco, nor does it anywhere explain what bearing the differences between the uses of a ham and a cigarette have upon the right of the cigarette maker to impersonate and appropriate the business good-will of the man who packs the ham.

**IRRELEVANT CASES CITED BY COURT BELOW IN SUPPORT OF  
ITS THEORY OF CLASSIFICATION AS A TEST OF INFRINGE-  
MENT OF TRADE-MARK RIGHTS.**

The authorities cited by the Lorillard Company in the courts below and relied on by those courts upon the proposition that there is no cause of action unless both parties deal in the same commodity or in commodities of the same "class" all involved facts so different from those in the suit at bar that detached quotations, couched in general language, are misleading when applied to the different facts of the instant case. In none of the previous cases where the commodities were different, and the court gave weight to that fact in support of its refusal to find for the plaintiff, was there proof of deception of the public growing out of the use of the same trade-mark by both parties. In the absence of proof of such deception the courts have quite naturally treated differences between the commodities as an evidential fact bearing upon the question of the likelihood of deception resulting from the use of the same trade-mark or label on the different commodities dealt in by the parties, and in discussing such cases the courts have made statements intended to have application only to the facts before them, which, quoted apart from the context, and treated merely as detached words, are susceptible of a meaning which they do not have when read as a part of the opinions in which they occur. Such detached quotations constitute the authorities relied upon by the Lorillard Company in the courts below and accepted by those courts as authorities.



*National Picture Theatres Case.*

In support of the proposition that there can be no unfair competition unless there is "an endeavor to get the same trade from the same people at the same time" the court below (R. Vol. V, p. 2701) cited *National Picture Theatres, Inc., v. Foundation Film Corporation*, 266 Fed. 208, 211, which case was decided by the Court of Appeals for the Second Circuit, the same court which accorded trade-mark protection to different commodities in *Aunt Jemima Mills Co. v. Rigney & Co.* (discussed, *post*, 192), 247 Fed. 407, and in the case of *Anheuser-Busch Co. v. Budweiser Malt Products Corp.* (295 Fed. 306—discussed *post*, p. 147). In the National Picture Theatres case defendant and plaintiff used substantially the same name for motion picture plays, the plays themselves being altogether different. The court held that the plaintiff was entitled to an injunction restraining the defendant from using substantially the same name for a different play. The products were the same in so far as they were both motion picture plays, and anyone seeing the name of the play posted in front of a theatre might well have been induced to attend one of the plays when he wanted to see the other, and it is evident that the court regarded the case in this light. The case was based on unfair competition, though we see no reason for applying a different standard of judgment to trade-mark and unfair competition cases as the line between the two is often vague and the wrong in both is appropriation of and possible injury to business goodwill. The remark that there must be "an endeavor to get the same trade of the same people at the same time," which appears in the opinion in the National Picture Theatres case, is couched in broad terms, but quite evi-

dently the sense was not that relied on by the court below for the court which made this remark was the same one which decided the Aunt Jemima and Budweiser cases.

*Borden Ice Cream Case.*

The other of the two citations made by the court below (R. Vol. V, p. 2701) in support of its view that the suit at bar presents no remediable injury on account of the difference in the commodities dealt in by the parties is *Borden Ice Cream Co. v. Borden's Condensed Milk Co.*, 201 Fed. 510, opinion by Judge Carpenter, 1912 (C. C. A., 7th Circuit). Borden's Condensed Milk Company was founded in 1857 by Gail Borden, and the name of the company had long been identified with the milk and cream business, and the company also manufactured a malted milk ice cream intended for and used only in hospitals. In 1911 one George F. Borden, with others, incorporated the Borden Ice Cream Company for the purpose of manufacturing ordinary, or commercial, ice cream, but the company had never actually made or sold any ice cream or any other product. There had, therefore, been no deception of the public and no actual damage to the Borden Condensed Milk Company. The court said that if the complainant based its right to an injunction on unfair competition, no competition of any kind had been shown by the record, the defendant never having made or sold anything, and that if complainant relied on damage which might result from the use of the name "Borden" on inferior goods, the action was premature, as the defendant had not made or sold any goods of any kind, thus plainly implying that if the action had not been premature, and damage had been shown, plaintiff would have had a remediable grievance.

In the suit at bar we have before us an arbitrary trade-mark, made up of the arbitrary word "Beech-Nut" and the arbitrary design in which it is used. In the Borden case the question at issue was the extent to which the plaintiff was entitled to the exclusive use of the surname "Borden," and the extent to which that name had acquired a secondary significance as a mark of identification for articles of commerce, and the court very carefully limited its discussion of the legal effect of the commodities being different to that particular state of facts. What the court said upon this point was:

"The secondary meaning of a name, however, has no legal significance, unless the two persons make or deal in the same kind of goods." (201 Fed. 514.)

All that can be fairly drawn from this case is that a man may not have as broad rights in a surname as he might have in an arbitrary trade-mark, and that is in conformity with the principle laid down by the courts in the analogous cases where the courts have accorded broader protection to trade-marks consisting of arbitrary words not in common use than to arbitrary or suggestive words that have been widely used as trade-marks or trade-names. Examples of the last named class of words are cited in the opinion of this Court in *American Steel Foundries v. Commissioner of Patents and Simplex Company*, 269 U. S. 372; among them being "Acme," "Anchor," "Champion," "Eureka," "Excelsior," "Ideal," "Jewel," "Liberty," "National," "Pride," "Premier," "Queen," "Royal," "Star," "Sunlight," "Triumph" and "Victor." We next refer to some cases involving the different extent of protection accorded to trade-mark words of different character.

**SOME CASES SHOWING VARYING EXTENT OF PROTECTION  
GIVEN BY COURTS TO TRADE-MARK WORDS OF DIFFERENT  
CHARACTER.**

*The Pabst Blue Ribbon Case.*

*Pabst Brewing Company v. Decatur Brewing Company*,  
284 Fed. 110, C. C. A., Seventh Circuit; Opinion by  
Judge Alschuler.

In this case the plaintiff, the Pabst Company, had established its right to the words "Blue Ribbon" as a trade-mark for beer. Defendant, the Decatur Company, used the same words as a trade-mark for malt extract, which is not a beverage but is useful, as indicated by the court, in the preparation of beer by the "home brew" process. The Pabst Company had not used the words "Blue Ribbon" on anything but beer. The court decided that

"in view of the very wide and general employment of 'Blue Ribbon' as a trade-name, we believe the District Court properly concluded that appellant's right to use it was limited to its registered product, and whatever other first use it made of it, and that in appellee's use of it there was no likelihood of any confusion of its product with that of the appellant."

*The Budweiser Case.*

*Anheuser-Busch, Inc. v. Budweiser Malt Products Corporation*, 295 Fed. 306, C. C. A., Second Circuit; Opinion by Judge Rogers.

In this case the plaintiff, Anheuser-Busch, Inc., had established its right to the word "Budweiser" as a trade-mark for beer but not for malt syrup, and defendant used the same word as a trade-mark for malt syrup. The court held that defendant's use of the word "Bud-

weiser'' as a trade-mark for its malt syrup was an invasion of the trade-mark right of the plaintiff.

The Anheuser-Busch (Budweiser) case was decided by the District Court for the Southern District of New York, before the Pabst (Blue Ribbon) case was submitted to the Court of Appeals for the Seventh Circuit. The Court of Appeals for the Seventh Circuit decided the Blue Ribbon case before the Budweiser case was submitted on appeal to the Court of Appeals for the Second Circuit. It thus came about that the Budweiser case was discussed by the Court of Appeals for the Seventh Circuit in its opinion in the Blue Ribbon case, and that the Blue Ribbon case was discussed by the Court of Appeals for the Second Circuit in its opinion in the Budweiser case. Both courts distinguished the two cases by reason of the fact that the word "Budweiser" is to all intents and purposes a purely arbitrary word as applied to beer in the United States, the town of Budweis in Bohemia being practically unknown in this country, and having no significance to the public in connection with beer, while the words "Blue Ribbon" have a generally recognized significance as indicating high merit, and by reason of that fact had been registered in the Patent Office by different persons over sixty times as a trade-mark for different products. For this reason both courts were of the opinion that the arbitrary word "Budweiser" was entitled to a breadth of protection that should be denied to the generally used and suggestive term "Blue Ribbon."

*Pease et al. v. Scott County Milling Co.*, 5 F. (2d) 524. District Court, E. D. Missouri; Judge Faris (March, 1925). *Opinion Contains a Discussion of Blue Ribbon and Budweiser Cases.*

Both the Blue Ribbon case and the Budweiser case were cited and discussed by the District Court for the Eastern District of Missouri in *Pease et al. v. Scott Milling Co.*, 5 Fed. (2d) 524. Plaintiff, *Pease et al.*, had used the word "Nox-All" as a trade-mark for stock food, consisting of a mixture of grains and molasses, for 22 years, and sued to enjoin defendant from using the word "Noxall" as a trade-mark for stock food. Defendant and its predecessors had used the word "Noxall" for 32 years as a trade-mark for wheat flour. Defendant set up a counterclaim based on its prior use of the word "Noxall" for wheat flour. The court decided for plaintiff on both the bill and counterclaim, plaintiff being thus permitted to continue the use of the word "Nox-All" as a trade-mark for stock food and defendant being enjoined therefrom. Defendant's right to the use of the word "Noxall" as a trade-mark for wheat flour was not disputed. Upon defendant's contention on its counterclaim that its prior use of the word "Noxall" as a mark for wheat flour entitled it to exclude plaintiff from using the word "Nox-All" in connection with stock food the court referred to the fact that "Noxall" had been registered as a trade-mark 30 times "for almost every conceivable product" and was in use "as a trade-name by some 15 or 20 concerns." The court's discussion of the legal effect of the character of a word upon the breadth of protection to be accorded its use as a trade-mark is so clear and com-

plete that we present the following quotation from the opinion:

"The ruled cases disclose two lines of decision: A narrow rule of protection in a case wherein the trade-mark in dispute has been, as here, registered under the statute for some 30 times as a trade-mark, for as many different products, and has also been used as a common-law trade-mark as to some 20 other products (*Columbia Mills Co. v. Alcorn*, 150 U. S. 460, 14 S. Ct. 151, 37 L. Ed. 1144; *Pabst Brewing Co. v. Decatur Brewing Co.* [C. C. A.], 284 F. 110; *Church, etc., Co. v. Russ* [C. C.], 99 F. 276; *Borden, etc., Co. v. Borden, etc., Milk Co.*, 201 F. 510, 121 C. C. A. 200; *Lawrence v. Sharpless Co.* [D. C.], 203 F. 762; *Denver, etc., Co. v. Alexander, etc., Co.*, 50 App. D. C. 207, 269 F. 859; *George v. Smith* [C. C.], 52 F. 830; *Beick Co. v. Kellogg, etc., Co.*, 49 App. D. C. 186, 262 F. 640; *Nulgyne Laboratories v. Electro-Alkaline Co.*, 52 App. D. C. 265, 285 F. 999), and a broad line of protection, where the common-law trade-mark or trade-name, or statutory trade-mark, is original or distinctive (*Aunt Jemima Mills Co. v. Rigney & Co.*, 247 F. 407, 159 C. C. A. 461, L. R. A. 1918C, 1039; *Peninsular Chemical Co. v. Levinson Co.*, 247 F. 658, 159 C. C. A. 560; *Flournoy Manufacturing Co. v. Dowd*, 178 F. 73, 101 C. C. A. 565; *Enoch Morgan's Sons v. Wood*, 152 F. 690, 81 C. C. A. 616, 12 L. R. A. [N. S.] 729; *Anheuser-Busch v. Budweiser, etc., Corporation* [D. C.], 287 F. 243; *Vogue Co. v. Thompson-Hudson Co.* [C. C. A.], 300 F. 509).

"This distinction is made clear by what was said in the case of *Pabst Brewing Co. v. Decatur Brewing Company*, *supra*, wherein the words in dispute were the words "Blue Ribbon," as applied by plaintiff therein to beer, and by defendant therein to malt extract. The court said:

"It ["Blue Ribbon"] was shown to have been registered in the Patent Office over 60 times. . . . Such registrations at different times and to different persons would indicate that the Patent Office did not recognize a large measure of individuality in the name. . . . In view of the very

wide and general employment of "Blue Ribbon" as a trade-name, we believe the District Court properly concluded that appellant's right to use it was limited to its registered product, and whatever other first use it made of it, and that in appellee's use of it there was no likelihood of any confusion of its product with that of appellant.

"A distinctive name, such as 'Kodak,' 'Sub-  
 vocator,' 'Ford,' 'Aunt Jemima,' 'Pondus,' and 'Del-  
 monte,' will be broadly protected in all cases where  
 damage will be inflicted by unauthorized use; while  
 words like 'Blue Ribbon,' 'Star,' and 'Nesbitt,' and  
 other words of like character, will be protected only  
 within the range of use upon similar goods" (3 F.  
 (2d) 525-526).

### *The Gold Medal Case.*

*Franz Milling Co. v. Washburn-Crosby Co.*, 7 F.

(2d) 304, Circuit Court of Appeals, 2nd Circuit,  
 opinion by Circuit Judge Mough (April 6, 1905).

The Court of Appeals for the Second Circuit in  
 above case also cited and discussed the Blue Ribbon case  
 and the Subvocator case. The court refused to give broad  
 protection to the word "Gold Medal," long used by  
 Washburn-Crosby Co. on wheat flour on the same ground,  
 among other reasons, as given by the Court of Appeals  
 for the Seventh Circuit in the Blue Ribbon case. The  
 court said (7 F. (2d) 306):

"... the degree or exclusiveness of appropria-  
 tion accorded to the originator of a trade-name  
 often varies with the kind of name he originates. If  
 the name or mark be truly arbitrary, strange and  
 fanciful, it is more specially and peculiarly signifi-  
 cant and suggestive of one man's goods, than when  
 it is frequently used by many and in many differing  
 kinds of business. Of this 'Kodak' is a famous  
 example, and the English courts have prevented one



from putting forth Kodak bicycles, at the suit of the originator of the name for a totally different article. *Eastman v. Kodak Cycle Co.*, 15 R. P. C. 105; cf. re Dunn's Trade-Mark, 7 R. P. C. 311, and *Dunlop v. Dunlop*, 16 R. P. C. 12. In this court the same influence is seen in *Aunt Jemima Mills Co. v. Rigney*, 247 F. 407 . . ., where the above line of cases is quoted and relied on.

"The phrase 'Gold Medal' is distinctly not in the same class of original, arbitrary or fanciful words as 'Kodak' and 'Aunt Jemima.' . . . It is exactly like the phrase 'Blue Ribbon,' and has been as extensively and variously applied."

Then follows a sentence of peculiar interest in the instant case because the first half of it is so specially applicable to the conditions here:

"One who devises a new, strange, 'catching' word to describe his wares may and often has by timely suit prevented others from taking his word or set of words to gild the repute of even wholly different goods (cases, *supra*); but one who takes a phrase which is the commonplace of self-praise like 'Blue Ribbon' or 'Gold Medal' must be content with that special field which he labels with so undistinctive a name" (7 F. (2d) 306).

*Testimony of Defendant's Witness, Mr. Newton, Former Commissioner of Patents, Shows That Many Words Are Commonly Used As Trade-Marks, But That the Word "Beech-Nut" Is Not In Common Use.*

One of the witnesses for defendant in the suit at bar was Mr. James T. Newton (R. Vol. V, p. 2518). Mr. Newton was Examiner of Trade-Marks in the Patent Office for seven or eight years, afterwards Assistant Commissioner of Patents, then Commissioner of Patents, and now engaged in the practice of patent and trade-mark law. As a result of a search of the Patent Office records Mr. Newton produced lists showing instances in

which various words had been registered many times for different products by different registrants, and also produced three bound volumes of copies of the Patent Office registration certificates referred to in the lists. The lists (Defendant's Exhibit No.30) are reproduced at page 2924 of Volume VI of the Record. The bound volumes of registration certificates are Defendant's Exhibits Nos. 31, 32 and 33. The lists showing numerous registrations of the same word by different parties relate to those commonly used and suggestive words referred to by the courts in the cases above discussed as being entitled to only narrow protection, the words shown by Mr. Newton to have been registered by a large number of different registrants being Climax, Red Cross, Eureka, Camel, Omega, Rainbow, Tuxedo, Velvet, Rex, Navy, Army and Navy, Blue Ribbon, Clipper, Horse Shoe, Liberty Bell, Liberty and some others which have been registered a lesser number of times than those named. The only significant thing about Mr. Newton's lists is the fact that the word "Beech-Nut" is not among the words that have been registered for a large number of different people. Mr. Newton was qualified to, and doubtless did, make a very reliable search of the Patent Office registrations, and we may safely take the fact that he did not find the word "Beech-Nut" in general use as a trade-mark by others than the Beech-Nut Company to establish the fact that it is not in such general use. We know of only a few instances in which others have attempted to use it. The suit at bar is the first instance in which the Beech-Nut Packing Company has been compelled to resort to litigation on the subject.

The word "Beech-Nut" is absolutely arbitrary, having no descriptive or other significance or suggestiveness in connection with the products on which it is used, and it has not been used except to an insignificant extent by others than the parties to this suit. The word "Beech-

Nut" is a word of the precise character defined by the courts in the cases above discussed as being entitled to broad protection in its use by the one who first adopted it and by whom it was popularized and given wide significance as an identification of his products.

**ERROR OF THE COURT BELOW IN DISREGARDING CONCLUSIVE PROOF OF UNIVERSAL DECEPTION OF THE PUBLIC BY THE LORILLARD COMPANY'S USE OF THE BEECH-NUT TRADE-MARK, AND CONSIDERING ONLY TESTIMONY REGARDING MATTERS NOT OF DETERMINATIVE IMPORTANCE.**

We know of no adjudicated case in which deception of ultimate purchasers has been proved to anything even approaching the extent of the deception that has been proved in the suit at bar. The evidence analyzed in Part IV of the Statement of the Case, *ante*, page 75, and quoted in Appendices A to E (App., pp. 1 to 90), can leave no possible doubt that the Lorillard Company's use of the Beech-Nut trade-mark has been universally deceptive. Yet the only mention of the evidence on this point that appears in the opinion of the court below is its statement that "It appears that some people have thought that the plaintiff was putting out the 'Beech-Nut' scrap tobacco and cigarettes and wrote, inquiring about it." (R. Vol. V, p. 2698). The court makes no mention whatever of the universal deception of the public that has been so abundantly proved.

**ERROR OF COURT BELOW IN FINDING THAT THE LORILLARD COMPANY DID NOT TRY "TO PALM OFF ITS PRODUCTS AS THOSE OF THE PLAINTIFF."**

In another part of the opinion (R. Vol. V, p. 2702) the court said of the defendant: "It has not tried to palm off its products as those of the plaintiff," and further down in the same paragraph the court said: "The plain-

tiff's evidence on this subject consisted of indefinite and unauthorized statements of unidentified persons alleged to be defendant's salesmen." Convincing evidence that the Lorillard Company did try "to palm off its products as those of the plaintiff" is the voluminous evidence of deception of the public resulting from the fact that the Lorillard Company made and used an essentially exact copy of the Beech-Nut trade-mark. The court below completely disregarded this evidence and confined its comment on the evidence to the remarks quoted above relating exclusively to those who wrote letters and to the testimony of a half-dozen retail dealers who testified that salesmen of Beech-Nut tobacco and cigarettes had, by innuendo or direct statement, conveyed to them the idea that the Beech-Nut tobacco and cigarettes were products of the Beech-Nut Packing Company, or of the company which puts out the extensive line of Beech-Nut products. All of the testimony concerning the letters referred to and the testimony of this half-dozen witnesses might be expunged from the case without in the slightest degree impairing the sufficiency of the proof of deception of the public resulting from the Lorillard Company's use of the Beech-Nut trade-mark. Its only tendency is to show that the offense was aggravated far beyond the extent necessary to invoke the protection of the law. Universal deception of the public is proved by direct evidence.

Furthermore, the Lorillard Company having put the means of deception into the hands of salesmen is conclusively presumed to have intended the fraud thereby made possible and encouraged. As stated by Mr. Justice Holmes, when justice of the Supreme Judicial Court of Massachusetts, in *New England Awl & Needle Co. v. Marlborough Awl & Needle Co.*, 168 Mass. 154, 155; 46 N. E. 386:

"It has been found that defendant did not

intend to deceive the public by passing off their goods for the plaintiff's, but this must be taken pretty strictly. They knew that they were putting the power to do so into the retail dealers' hands. It hardly can be doubted that they contemplated that the wholesale dealer at whose request they put up their awls in this form, with full knowledge of the plaintiff's prior use, would or might try to deceive the public, and whether they did or not is immaterial."

The Lorillard Company knew from the very beginning of its use of the Beech-Nut trade-mark in 1915 that the public was being deceived and believed that the tobacco was the product of the Beech-Nut Packing Company. In its letters to the Lorillard Company dated July 2, 1915, September 2, 1915, and September 20, 1915, the Beech-Nut Company informed the Lorillard Company of its certain knowledge that the public was being deceived, and gave the names and addresses of dealers who had written to the Beech-Nut Company about the Beech-Nut tobacco—one inquiring about the price and another ordering a shipment of five cases of Beech-Nut scrap tobacco (R. Vol. VI, pp. 2891, 2896, 2901). The deception of dealers is particularly significant as the business contacts of a dealer place him in a better position to get correct information than a retail purchaser, and the dealers' transactions are on a larger scale than those of the retail purchaser and naturally make him more careful and observing than the purchaser of a five or ten-cent package of tobacco.

#### **NO CAUTIONS TO LORILLARD SALESMEN.**

And when the Beech-Nut cigarettes were first placed on the market Mr. Belt, the vice-president of the Lorillard Company who was in charge of the company's cigarette business knew that the cigarettes were being ac-

cepted by the public as a product of the Beech-Nut Packing Company (R. Vol. V, pp. 2618 to 2622). The Lorillard Company never issued any instructions to its salesmen to take any precautions to prevent or correct such deception, as shown by the testimony of nine of the salesmen who took part actively in the introduction of the Beech-Nut cigarette.\*

Moreover, the Lorillard Company offered special cash inducements which had the effect of increasing the probability of the deception being aggravated by direct misrepresentations and implications.

Plaintiff's Exhibit No. 12-A, B, and C (reproduced in Rec. Vol. VI, pp. 2714-2719) consists of circulars distributed by the Lorillard Company to its customers, that is, the jobbers and wholesalers, advising them that the Lorillard Company would pay to the salesmen selling Beech-Nut cigarettes a cash premium for all sales within a given period. The effect of the offer of these cash premiums was, of course, to create a tendency on the part of the salesmen to make every possible effort to dispose of as large a quantity of Beech-Nut cigarettes as possible, this, of course, being the purpose of the Lorillard Company, and under the stress of the motive thus created there was every inducement for the salesmen to utilize every possible means at their command to increase their sales. That the result of this policy was to induce many

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\* *W. Goldstein*, Transcript, Vol. II, p. 1378, X-Qs. 223-5, p. 1394, X-Qs. 299-302, p. 1413, R-X Qs. 409-410.

*M. J. Schimmel*, Transcript, Vol. II, p. 1451, X-Qs. 41-3.

*A. Marks*, Transcript, Vol. II, p. 1495, X-Qs. 177-181.

*F. Hopewell*, Transcript, Vol. II, p. 1515, X-Qs. 118-120.

*W. H. Brown*, Transcript, Vol. II, p. 1608, X-Qs. 130-4, pp. 1609-1611, X-Qs. 138-149, pp. 1617-1618, X-Qs. 189-194.

*J. Gay, Jr.*, Transcript, Vol. II, pp. 1632-1633, X-Qs. 98-103.

*F. C. Degan*, Transcript, Vol. II, p. 1643, X-Qs. 69-70.

*W. H. Norton*, Transcript, Vol. III, p. 2004, X-Qs. 42-51.

*J. Racow*, Transcript, Vol. III, p. 2020, X-Qs. 40-44, 47-8.

of the salesmen to overstep the bounds of truth in promoting sales of Beech-Nut cigarettes to their customers is evident from the instances of misrepresentation of which plaintiff has been able to learn and which are described in the testimony quoted in Appendix H (App., pp. 101-112). It was obviously the purpose of the Lorillard Company to take advantage of every means at the command of the salesmen without imposing any restriction calculated to hold them within the bounds of business honor. The circulars contain no caution regarding the use to be made of the Beech-Nut name in selling the cigarettes, and the district managers had no written instructions, nor issued any, in regard to avoiding the giving of wrong impressions in their use of the word "Beech-Nut" and their presentation of the Beech-Nut tobacco and cigarette packages (*ante*, p. 157).

That this deception was not objectionable to the Lorillard Company is shown by the fact that when Mr. Belt was asked whether the Lorillard salesmen were instructed to take special precautions to make it clear that the cigarettes were not made by the Beech-Nut Packing Company he replied: ". . . As far as taking any special precautions we did not take any, except that when a man said 'Is that made by the Beech-Nut Packing Company,' we said 'No, it is made by P. Lorillard.' We did not wish him to deceive himself. . . ." (R. Vol. V, bottom of page 2619.) But even if, contrary to the fact, the Lorillard Company had instructed its salesmen not to make oral misrepresentations and to avoid and correct deception of the public, that would not have purged the Lorillard Company of the fraud inherent in the act of putting the deceptively marked goods into the hands of its salesmen, who, in turn, sold the goods to retailers.

As stated by Judge Lacombe for the Second Circuit

Court of Appeals in *Enterprise Mfg. Co. v. Landers, Frary & Clark*, 131 Fed. 240, 241:

"It is elementary law that, when the simulation of well-known and distinctive features is so close, the court will assume that defendants intended the result they have accomplished, and will find an intent to appropriate the trade of their competitor, even though in their instructions to their own selling agents, they may caution against oral misrepresentations as to the manufacture of the goods."

**THE TESTIMONY FAIRLY SHOWS EXPRESS MISREPRESENTATION BY LORILLARD SALESMEN.**

As a matter of fact, even upon this non-essential point as to whether the testimony shows satisfactorily that salesmen of Lorillard Beech-Nut tobacco and cigarettes made express misrepresentations by word of mouth, we believe that the court below was in error. In order to avoid interruption of the continuity of this discussion we present our complete analysis of the testimony on this point in Appendix H (App., p. 101). The witnesses gave the names of two of the salesmen who, they say, represented the Lorillard tobacco products to be products of the Beech-Nut Packing Company. One of the witnesses, Jefferson D. Hayden, a grocer of Columbia, S. C., produced a receipt given him by the salesman for payment for Beech-Nut Scrap tobacco. This receipt is on a printed form of the P. Lorillard Company, bearing in rubber-stamp print the name "E. L. Larson" as salesman, and bearing also the signature of E. L. Larson in acknowledgment of the receipt of payment for one dozen packages of Beech-Nut tobacco. (A reproduction of the receipt, Plaintiff's Exhibit No. 14, appears at page 2764 of Vol. VI of the Record.) Mr. Hayden testified at some length regarding his interview with the salesman, as appears in Appendix H, pages 105-109, and it ap-



pears that the salesman participated in the deception rather by innuendo and refraining from correcting Mr. Hayden's erroneous impression than by making flat statements. In one of his answers Mr. Hayden describes the interview as follows:

"He came in and introduced himself as Mr. Larson, selling Beech-Nut tobacco and from the appearance of the package it looked the same as the other Beech-Nut products, and he told me the Beech-Nut was a good seller, and I told him I had been selling the other products all along, and I thought it would be a good seller, and I would try a small quantity of it . . . ." (Appendix H, p. 106; R. Vol. I, p. 757, Q. 28.)

Larson made no explanation and left Hayden under the impression that he was buying goods produced by the Beech-Nut Packing Company. Hayden testified (Qs. 42, 43) that he did not know what the P. Lorillard Company was, whose name was at the top of the receipt given him, and that it meant nothing to him; also (X-Qs. 88-90) that if he had noticed the name P. Lorillard on the receipt he would not have known whether it was the manufacturer or the jobber.

George B. Roach, a grocer, stated that a salesman selling Beech-Nut tobacco gave him the impression that it was a product of the Beech-Nut Packing Company. He stated his reason for this impression as follows:

"Well, because he [the salesman] said in the conversation that I knew the Beech-Nut trade-mark and knew what it stood for—anything put out under the Beech-Nut trade-mark had to be the highest quality." (Appendix H, p. 102; R. Vol. I, pp. 665-666.)

Mr. Roach said the salesman's name was Bacon (R. Vol. I, p. 667, Q. 37; Appendix H, p. 103).

The other witnesses referred to in Appendix H (App., p. 101), did not ascertain the names of the salesmen

who gave them false impressions of the origin of the Beech-Nut tobacco products.

But the fact remains that two reputable witnesses gave the names of two Lorillard salesmen who deceived them by innuendo so pointed as to be difficultly distinguishable from direct statement. The Lorillard Company did not produce these salesmen to deny or explain the testimony of these witnesses, and did not show that it could not produce the salesmen as witnesses, or make any explanation of why they were not produced. The court below refers to our evidence on this point as "indefinite and unauthorized statements of unidentified persons alleged to be defendant's salesmen" (R. Vol. V, p. 2702). The court below does not enlighten us as to what better evidence could possibly be produced of Larson's identity and authority than Hayden's testimony and the printed receipt form of the Lorillard Company bearing Larson's name printed thereon as salesman, and bearing Larson's signature in acknowledgment of payment for Beech-Nut cigarettes. And the salesman, Bacon, was named by the witness Roach. The Lorillard Company must have a record of the names of its employees and must be able to reach them or account for not doing so. Though rebuttal was within the power of the Lorillard Company it stood silent. In a parallel situation in an unfair competition case Judge Coxe said:

"No excuse, which the court can consider, is given for the failure to contradict this inculpatory evidence, and, of course, the presumption is that had the witness been called he would have been unable to deny its truth." (*Hostetter Co. v. Conron*, 111 Fed. 737, 738.)

In view of the foregoing we believe we are justified in our contention that the court below was in error in disregarding the abundance of direct evidence which estab-

lishes deception of the public beyond a reasonable doubt, and in confining its attention to and drawing an erroneous conclusion from the testimony of a half dozen witnesses upon a point not necessary to the determination of the case, namely whether Lorillard salesmen orally misrepresented the facts. The matter has importance before this court by way of showing the insufficiency of the foundation upon which the decision of the court below rests.

**ERRONEOUS FINDING OF COURT BELOW REGARDING THE RESEMBLANCE BETWEEN BEECH-NUT LABELS USED BY THE LORILLARD COMPANY AND BY THE BEECH-NUT PACKING COMPANY.**

In the following statement quoted from the opinion below we find a clear explanation of the court's reason for ignoring the proved fact that the Lorillard Company has deceived the entire purchasing public by its use of the Beech-Nut trade-mark. The following is from the court's opinion (R. Vol. V, p. 2702):

“The difference between their labels is so great and distinct that any purchaser paying ordinary attention need not and should not be mistaken and certainly not deceived.”

Now, inasmuch as the evidence proves beyond the possibility of doubt that all purchasers of Beech-Nut tobacco and cigarettes were deceived, the court's statement is in effect that none of them paid “ordinary attention” to the appearance of the goods which he bought, and that the Lorillard Company is, therefore, not accountable or responsible for the deception which has occurred. It seems elementary, both as a matter of law and as a question of usage of the English language, that “ordinary attention” is precisely that degree of attention which is exercised by purchasers, and in this case they

have testified unanimously that in making purchases in their customary way they were deceived. But, notwithstanding the plain meaning of the expression and the judicial definitions thereof, the court below has decided that "ordinary attention" is not that degree of attention which is exercised by ordinary people when making purchases in their ordinary way, but is a degree of attention to be determined by the court with rigid exclusion of all enlightening evidence. This is not in accord with the cases from which we quote on pages 165-169, *post*.

As before stated, the court below was in error not only in setting aside the proved fact of universal deception and substituting therefor its judgment contrary to the evidence, but the court below was further in error even in its consideration of the trade-marks of the parties unaided by the evidence of actual deception. Assuming, as the court below did in effect, that proof of actual deception should be excluded and that this case may and should be decided upon a bare comparison of the trade-marks of the parties, there can be no doubt that the court was in error in its finding that "the difference between their labels is so great and distinct that any purchaser paying ordinary attention need not and should not be mistaken and certainly not deceived" (R. Vol. V, p. 2702). The Lorillard Beech-Nut trade-mark on the side of the scrap tobacco package bearing the words "Extra Picked" and the Beech-Nut Packing Company's trade-mark (*ante*, p. 73) both have the word "Beech-Nut" as their most conspicuous element. The word is hyphenated, printed in similar type and upon a curved line in both trade-marks. In both trade-marks the word Beech-Nut is surrounded by an oval border, to the upper curve of which the word "Beech-Nut" is adjacent and conforms in curvature. In both a picture of a beech-nut cluster occupies the center of the

oval beneath the printed word "Beech-Nut." Printed matter appears at the right and left of the beech-nut cluster within the oval, upon the Lorillard label the printed words being "Established" at the left, and "1760" at the right, and upon the Beech-Nut Company's label the word "Trade" appearing at the left, and the word "Mark" at the right. Though the words are different, their position, style of type, proportionate size and general effect upon the collective appearance of the trade-marks are the same. The word "Beech-Nut" is printed in a similar shade of blue upon both labels, as also are the oval borders surrounding that word and the beech-nut cluster, and in both cases the trade-mark is surrounded by red. Even in the precise shades of color of the different parts of the design the Lorillard Company has closely followed the Beech-Nut Company's trade-mark. The label upon the opposite side of the Lorillard scrap tobacco package and the label upon the Lorillard cigarettes differ slightly from that above referred to but in all of them there is the hyphenated word "Beech-Nut" printed on a curved line in type like that used by the Beech-Nut Company, surrounded by an oval border, with a picture of a beech-nut cluster in the center of the oval beneath the word "Beech-Nut." The prominent elements are identical. The variations in detail are subordinate—such as to impress even a critical and analytical observer as nothing more than minor variations in the same identical design, and well calculated to escape notice altogether when the marks are not placed side by side for comparison.

**THE LAW ON THE DEGREE OF RESEMBLANCE BETWEEN  
TRADE-MARKS NECESSARY TO CONSTITUTE INFRINGEMENT.**

Following are quotations from cases in which, in the absence of direct proof of deception, the courts have been compelled to rely on comparison of the trade-marks, labels or other identifying characteristics used by the parties for the purpose of determining whether deception and confusion would be likely to result. We know of no case other than the one at bar in which the court has substituted its opinion that the public "should not be mistaken and certainly not deceived" for the proved fact that the entire purchasing public was deceived.

"It is a simple matter, upon comparison of the two trade-mark wrappers, to observe dissimilarities, but that is not the test of infringement. The purchaser has not the advantage of comparison. We observed in *Pillsbury v. Flour Mills Co.*, 24 U. S. App. 395, 407, 12 C. C. A., 432, 438, and 64 Fed. 841, 847:

" 'A specific article of approved excellence comes to be known by certain catchwords easily retained in memory, or by a certain picture which the eye readily recognizes. The purchaser is required only to use that care which persons ordinarily exercise under like circumstances. He is not bound to study or reflect. He acts upon the moment. He is without the opportunity of comparison. It is only when the difference is so gross that no sensible man acting on the instant would be deceived that it can be said that the purchaser ought not to be protected from imposition. . . . the imitation need only be slight, if it attaches to what is most salient; for the usual inattention of a purchaser renders a good-will precarious, if exposed to imposition.' "

(*Stuart v. F. G. Stewart Co.*, C. C. A., 7th Circuit, opinion by Judge Jenkins, 91 Fed. 243, 245.)

"He sees a speedometer, a lamp, a clock, or some other of the numerous motor car attachments, which is pleasing to the eye, and, having ascertained the name of its maker, resolves to have it on his car. If the general appearance be the same, he does not examine further, and is entirely satisfied that the device he buys is what he intended to buy. This is true of the careless, credulous, and ignorant purchasers, who are certainly as numerous in this as in any other field of business, and depend largely upon the statements of local dealers and the chauffeurs who drive their cars.

"An expert and probably a great majority of automobile purchasers could not be deceived into taking the defendant's lamp, in evidence, for the Rushmore lamp, but the ignorant or careless purchaser looking to general effect, and not to what seems to him to be inconsequential details, would, very likely, be misled. Such simulations place in the hands of dishonest dealers and agents the materials for misleading and cheating the public. It is unnecessary to dwell on these considerations as they have been stated many times by this court and need not be repeated. When it appears that a competitor has unnecessarily and knowingly imitated his rival's goods in non-functional features, a court of equity is justified in interfering." (*Rushmore v. Badger Brass Mfg. Co.*, C. C. A., 2nd Circuit; *per curiam*, Judges Coxe, Ward and Noyes, 198 Fed. 379, 380.)

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"It is not necessary to constitute an infringement that every word of a trade-mark should be appropriated. It is sufficient that enough be taken to deceive the public in the purchase of a protected article." (*Saxlehner v. Eisner & Mendelson Co.*, opinion by Mr. Justice Brown, 179 U. S. 19, 33.)

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"What degree of resemblance is necessary to constitute an infringement is incapable of exact definition, as applicable to all cases. All that courts of justice can do, in that regard, is to say that no trader can adopt a trade-mark, so resembling that of another trader, as that ordinary purchasers, buying with ordinary caution, are likely to be misled."

(*McLean v. Fleming*, opinion by Mr. Justice Clifford, 96 U. S. 245, 251.)

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"It is argued, and it is true, that the differences are apparent to any one who will read and examine the labels, but that argument does not meet the question which this case presents: Are the resemblances between the two labels such that the consumer is likely to be misled? We have no hesitation in saying that they are, and that the variations are wholly insufficient to avoid the charge of infringement, or create a doubt that the label of the appellant was copied from that of the appellee, and was made in close imitation of all its salient features. A consumer who has been accustomed to purchase an article in a dress or a package which has become familiar to him does not stop to read and examine. Many of the consumers of beer are unable to read, and many are foreigners, and unacquainted with the English language. All consumers, whether able to read or not, are in fact guided by the general appearance of the package or label which is before them. The general appearance of the beer bottles, carrying these two respective labels, is strikingly similar. No argument can add force to the conviction which is produced by the mere sight of them." (*Kostering v. Seattle Brewing & Malting Co.*, C. C. A., 9th Circuit, opinion by Judge Gilbert, 116 Fed. 620, 621.)

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"Now, to one scanning the detailed description of these two Dutch scenes, or laying the pictures side by side, there could be no trouble in distinguishing the one from the other. But this is not the test. Will confusion result to the purchasing public by the use of the two not brought into direct or special comparison? Would the ordinary customer applying at the counter for 'Old Style Lager,' observing the care customary with purchasers in that way, be likely to be deceived or misled into buying 'Old German Lager,' if it was offered him marked with defendant's label? We are impressed that he would.

"A simulation of the most prominent and distinctive features of the complainant's label is found in the defendant's label. The inn is there, with the



legend in slightly different wording suspended from a scroll; the representation of men drinking at a table outside of the inn is there; the barrels or casks in the subway are there; the monks drinking at a table at or near the casks are there; and the cooping of a barrel is there. In short the 'ensemble' is there, and that, says the court in *Cantrell & Cochrane v. Butler*, 124 Fed. 290, does the mischief. And quoting again: 'The usual purchaser neither abstracts nor analyzes for the purpose of differentiation and judgment.' " (*G. Heilman Brewing Co. v. Independent Brewing Co.*, C. C. A., 9th Circuit, opinion by Judge Wolverton, 191 Fed. 489, 497.) (The opinion in this case contains many quotations from U. S. cases to the same effect as the foregoing.)

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"The test is not whether, when goods are placed side by side, a difference can be recognized in the labels or marks; but the test is, when such goods are not placed side by side, would an ordinarily prudent purchaser be liable to purchase the one, believing that he was purchasing the other." (*McDonald & Morrison Mfg. Co. v. Mueller Mfg. Co.*, C. C. A., 8th Circuit, opinion by Judge Smith McPherson, 183 Fed. 972, 974.)

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"It may be that the cautious and discriminating purchaser is not likely to be so misled; but the protection accorded to a trade-mark is not limited to the cautious and discriminating customer, but embraces the 'ordinary' or 'unwary' purchaser as well." (*DeVoe Snuff Co. v. Wolff*, C. C. A., 6th Circuit, opinion by Judge Knappen, 206 Fed. 420, 423-424.)

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"While there is an almost ostentatious display of variation in matters not likely to attract the attention of the casual purchaser, there is a substantial similarity in the picture to which the eye has become accustomed. In this connection, we must not lose sight of the character of the article, the use to which it is put, the kind of people who ask for it, and the manner in which it is ordered. Very broad scene painting will deceive an ignorant, thoughtless or

credulous domestic, looking for an article in common and daily use, and of no particular interest to her personally. The same kind of deception would be instantly detected by an intelligent woman of the world, looking for her favorite perfume, soap or dentifrice, or by a man of luxurious tastes inquiring for some special brand of champagne." (*Morgan's Sons v. Troxell*, 23 Hun. N. Y. 632, 636.)

**ERROR OF THE COURT BELOW IN ITS ASSUMPTION THAT THE LORILLARD COMPANY HAD NO MOTIVE TO APPROPRIATE THE GOOD-WILL OF THE BEECH-NUT COMPANY, AND THAT THE MAGNITUDE OF THE LORILLARD BUSINESS JUSTIFIED ITS APPROPRIATION OF THE BEECH-NUT TRADE-MARK AND ELIMINATED THE ELEMENT OF DAMAGE THEREFROM.**

The court below states in its opinion (R. Vol. V, bottom of p. 2701 and top of p. 2702) that it is satisfied that defendant has not injured plaintiff in the suit at bar "within the principles" announced in *Aunt Jemima Mills Co. v. Rigney et al.*, 247 Fed. 407, and *Vogue Co. v. Thompson-Hudson Co., et al.*, 300 Fed. 509, 512. Our discussion of these cases, *post*, pp. 192, 201, shows that there is absolutely no distinction in principle between them and the case at bar. The court below makes no attempt to show any distinction unless it so intends its statement (top of p. 2702, R. Vol. V) that "it would not have been profitable" for the Lorillard Company to palm off its goods as products of the Beech-Nut Packing Company and its references in various parts of the opinion to the magnitude and assumed antiquity of the Lorillard Company.

We know of no theory upon which the wealth and extensive business of the Lorillard Company could have any bearing upon the legal or moral aspect of the case, excepting by way of aggravation of the wrong. We refer to the subject only because of the prominence given it by the Court of Appeals in its opinion, where (R. Vol. V, p. 2696) it refers to the retail value of the Lorillard Company's

output in 1919 being \$80,000,000, and (R. Vol. V, p. 2698) to its sales of Beech-Nut tobacco in that year amounting to \$14,650,865.63, and (R. Vol. V, p. 2704) to the Lorillard Company as one of the "great tobacco companies of the country," and (R. Vol. V, p. 2696) to "the small beginning of Pierre Lorillard in 1760," and (R. Vol. V, p. 2704) to "a Lorillard reputation stretching back into three centuries." As a matter of fact it is much less than two centuries since 1760, and it is also a matter of fact that the present P. Lorillard Company is "a new corporation called P. Lorillard Company" formed in the year 1911 by order of the Circuit Court for the Southern District of New York to receive part of the assets of the dissolved American Tobacco Company (decree of the Circuit Court, 191 Fed., p. 423, and *ante*, p. 46). Though the Court of Appeals dwells upon the assumed antiquity and the wealth of the Lorillard Company, this whole matter is aside from any point involved in this case. No amount of inference based upon the wealth of the Lorillard Company, its assumed antiquity, and the magnitude of its business can displace or nullify the proved fact that its use of the Beech-Nut trade-mark has caused universal deception of the public.

There is nothing obscure or difficult to understand in the fact that the Lorillard Company's use of the Beech-Nut trade-mark has deceived purchasers. The testimony quoted upon pages 83 to 86, *ante*, and in Appendices D and E (App., pp. 75 and 89) shows conclusively that the ultimate consumers practically never notice or have any knowledge of the names of the manufacturers of cigars, cigarettes or chewing or smoking tobacco, and invariably identify these products by their trade-mark or brand names, and that the name Lorillard is absolutely unknown to large classes of people including many retail dealers.

By adopting the Beech-Nut Packing Company's Beech-Nut trade-mark for its new tobacco mixture in 1915 the Lorillard Company was enabled to attain instant sales on a large scale to consumers who believed they were buying a tobacco put out by the producers of the widely and favorably known line of Beech-Nut products with which they long had been familiar. But for the prestige of the Beech-Nut Packing Company's Beech-Nut trade-mark the Lorillard Company would have encountered the long delay and uncertainty of success which attends the exploitation of a new and unknown commodity. But as a supposed part of the Beech-Nut line of goods the new tobacco mixture had the immediate benefit of the public impression that it was a tobacco of the highest quality and of the same standard of purity and excellence as the other Beech-Nut products.

Though the Lorillard Company offered in evidence voluminous and minutely detailed financial statements showing the extent of its business in Beech-Nut scrap tobacco and in other tobacco brands totally unrelated to any issue of this case, neither the Lorillard Company in its briefs and arguments nor the courts below in their opinions explained how or why the magnitude of the Lorillard Company's use of the Beech-Nut trade-mark or of its other business had any tendency to show a legal or moral right to use the name Beech-Nut. Obviously the court below did not proceed upon the theory that fraudulent appropriation of a trade-mark may be morally and legally justified by a sufficiently extensive and successful use of the misappropriated mark. Elimination of this theory, however, compels us to look elsewhere than in the opinions of the courts below for an explanation of the weight which they quite evidently attached to the wealth and assumed antiquity of the

Lorillard Company and to the large dimensions to which the Lorillard Beech-Nut tobacco business has grown.

An examination of the history of the Lorillard Company's use of the Beech-Nut trade-mark shows the complete absence of any reason for giving any effect to the magnitude of its business that would not apply with equal force to every trade-mark infringer who has built up a large business in the goods on which he uses the mark to which he is not entitled. As fully set forth in the preceding part of this brief (*ante*, p. 51) the Lorillard Company, prior to the year 1915, had found that the sales of the old brands of chewing tobacco were diminishing on account of the fact that tobacco chewers were becoming dissatisfied with the flavor of the old mixtures. Mr. Ball, vice-president of the Lorillard Company, thought that a sweeter mixture would suit the public better, and he had a new and sweeter mixture prepared for the purpose of using it in an attempt to recapture the lost trade. Having prepared this new mixture, and being hopeful that it would suit the public taste, the Lorillard Company was confronted with the problem of attracting the attention of the public to the new product. However good the mixture might be, and however agreeable its taste, no successful business could be built up without attracting the attention of millions of purchasers. It was only by reaching immense numbers of consumers that a profitable business could be established in a commodity selling at five or ten cents a package. As shown herein at pages 81 to 87, *ante*, and in Appendix D, App., page 75, tobacco products are identified by the consumers solely by the brand names. The names of the manufacturers play no part in the identification of chewing tobacco, smoking tobacco, cigars and cigarettes,

—a fact so well recognized that, as hereinbefore set forth, *ante*, pages 81 to 87, the Lorillard Company does not put its name or even the word “Lorillard” on many of its most important brands.

If in 1915 the Lorillard Company had put its new chewing tobacco mixture on the market under a new brand name or trade-mark, or with simply the word “Lorillard” on the package, the new product would have been a complete stranger to the consuming public, and, whatever its merits, popularity could have been attained only as the result of trial of the new mixture by such consumers as were willing to try a new and unknown tobacco in place of the brand to which they were accustomed. It is, of course, conceivable and possible that success might eventually have been attained by following this honest procedure, but this is not the procedure that was followed. The Lorillard Company, alarmed by the diminishing sales of its old brands, was not content with the slow and honest road to the notice of the millions of consumers whom it was necessary to reach. To put their new mixture on the market for what it was—a new and untried product—meant delay and possible failure. Obviously the new tobacco would reach the consumer much more quickly and surely if it could be put before the public as an addition to an extensive line of products which had been favorably known throughout the country for many years, and the advantage would be especially great if the old and favorably known line of commodities was displayed and sold by the same dealers who would be called upon to display and sell the new tobacco mixture. The Lorillard Company was actuated by its knowledge of these obvious facts in its adoption of the Beech-Nut trade-mark for its new scrap tobacco. There was no more possibility of innocent accident in its adoption of an

essentially exact copy of the Beech-Nut trade-mark than there is in the circumstance of a man's copying another man's signature upon a bank check. The appropriation of the good-will of the Beech-Nut Packing Company was premeditated, carefully planned and unscrupulously executed.

As shown at page 24, *ante*, the reputation of the Beech-Nut line of products is so high that every new product put out under the Beech-Nut trade-mark is immediately ordered by the jobbers and wholesalers, and immediately expected by the public to be a commodity of high quality. That the Lorillard Company profited immediately and greatly by its appropriation of the Beech-Nut Company's trade-mark is shown by the immense sales of the Beech-Nut Scrap Tobacco during the first eleven months that it was on the market. The Beech-Nut Scrap Tobacco was first marketed in February, 1915, and during the following eleven months of the year 1915 the sales amounted to over seven million pounds—7,377,778 pounds (R. Vol. VI, p. 3028). At the present time the ten-cent package of Beech-Nut tobacco contains two ounces (Ball, R. Vol. V, p. 2573). From an examination of Lorillard Patent Office Exhibit E (R. Vol. VI, pp. 3031 to 3048), consisting of specimen invoices from 1915 to 1919, it appears that the Beech-Nut tobacco was sold in five-cent packages as late as July, 1917, and that ten-cent packages were sold thereafter. Assuming that the early five-cent packages contained as much tobacco as the present ten-cent packages—two ounces—the 7,377,778 pounds sold in the last eleven months of 1915 was put up in eight times that number of packages—sixty million packages. Nothing in this record indicates even a remote possibility of selling a new and strange tobacco mixture to such an enormous



extent in the first eleven months of its existence. The conclusion is irresistible that the Lorillard Company reaped an abundant harvest from its appropriation of the Beech-Nut Packing Company's Beech-Nut trade-mark. That the flavor of the tobacco and the financial strength of the Lorillard Company contributed to the growth of the Beech-Nut tobacco business we do not deny. But we do deny that the financial strength of the Lorillard Company and the magnitude of its business in Beech-Nut chewing tobacco is evidence of anything other than the possession of the resources and skill necessary for the successful exploitation of the fraudulently appropriated Beech-Nut trade-mark.

## THE LAW.

### Cases Involving the Use of the Same Trade-Mark on Different Commodities.

#### GENERAL STATEMENT AS TO THE AUTHORITIES.

We have been able to find only one unfair competition or trade-mark case in which this Court's interpretation of the law related to facts involving the use of the same trade-mark or trade-name by different parties upon different kinds of merchandise, and, though the decision in that case was upon other grounds, consideration of the difference between the commodities dealt in by the parties was necessary to the decision, and the opinion contains a statement of the principles of law applicable to the suit at bar. We refer to the case of *American Steel Foundries v. Thomas E. Robertson, Commissioner of Patents*, and *Simplex Electric Heating Company*, 269 U. S. 372; which we will refer to as the Simplex case. A comparison of the facts and principles involved in the Simplex



case with those in the suit at bar will, we think, make it apparent that the relief sought by the plaintiff in the instant case is in conformity with the law as defined by this Court, and as applied by the lower courts in the cases hereinafter discussed, which involved parallel facts and were decided before the decision in the *Simplex* case.

The question of the extent to which a party who has established his right in a trade-mark or trade-name for certain goods may exclude others from using the same mark or name on other goods has been considered and decided in several cases in the courts of England, and the decisions there have been accordant with the principles stated by this court in the *Simplex* case. These English cases are reviewed and approved by the Court of Appeals for the Second Circuit in *Aunt Jemima Mills Company v. Rigney & Co.* (247 Fed. 407), which case we discuss and quote from (*post*, p. 192). Two of the English cases are also cited by the Court of Appeals for the Sixth Circuit in the opinion in *Peninsular Chemical v. Levinson et al.* (247 Fed. 658), which case also we discuss and quote from (*post*, p. 186). The Court of Appeals for the Second Circuit states the substance of several of the English cases in the part of its opinion in the *Aunt Jemima* case which we quote (*post*, pp. 194-196), and under the title "The English Cases" (*post*, p. 197), we list all of the English cases referred to and make some additional comment on the *Kodak* case and *Walter v. Ashton*.

The question of the extent of the range of different goods included within the protection accorded by the law to the owner of a trade-mark or trade-name has never, we believe, been directly decided by this Court or by the House of Lords in England, though the question has been repeatedly decided by the lower courts of both countries. This fact has been commented on in a very instructive book on the "Historical Foundations of Trade-Mark

Law"" by Mr. Frank I. Schechter of the New York bar. Upon this point Mr. Schechter says (pages 169-170):

"There are indications that the question as to the logical and effective basis of the law of trade-marks and unfair competition will have to be decided by the highest courts of both this country and England within the next few years in connection with the problem of the protection which is being sought against the use of infringing marks upon non-competing goods. In 1898 an English Court of Chancery took a radical step in the direction of the protection of symbols of good-will, in holding that the trade-mark 'Kodak' on cameras was infringed by 'Kodak' on bicycles, because 'Kodak cameras are especially available for use on cycles' and 'many shops sell . . . both bicycles and photographic cameras . . .'. Again in 1917 the United States Circuit Court of Appeals for the Second Circuit decided that the trade-mark 'Aunt Jemima's' for flour was infringed by 'Aunt Jemima's' for syrup because 'syrup and flour are both food products, and food products commonly used together.'† Within recent months the Circuit Court of Appeals for the Sixth Circuit has held that a trade-mark for a magazine might be infringed by a similar mark on hats, although there was no actual market competition between the products of the plaintiff and the defendants. Explaining the doctrine of unfair competition, Judge Denison said:

" . . . There is no fetish in the word competition. The invocation of equity rests more vitally upon the unfairness. If B. represents that his

\* *The Historical Foundations of the Law Relating to Trade-Marks*, by Frank I. Schechter, A. M., J. D., with Foreword by Munroe Smith, J. U. D., LL. D., J. D., Bryce Professor Emeritus of European Legal History, Columbia University. Published by Columbia University, 1925.

† *Eastman Photographic Materials Co., Ltd. v. John Griffiths Cycle Corporation, Ltd.* (1898), 15 Rep. Pat. Cas. 105, 110. Cf. *Walter v. Ashton* (1902), 2 Ch. 282." (The English cases mentioned in the foregoing author's note are referred to in this brief at pages 194, 198, 199.)

‡ *Aunt Jemima Mills Co. v. Rigney & Co.* (1917), 247, Fed. 407, 410. But cf. *France Milling Co. v. Washburn-Crosby Co.* (U. S. C. C. A., 2nd Cir., April 6, 1925, not yet reported.)" (The *France Milling* case, 7 F. (2d) 304, referred to in the foregoing author's note, is discussed in this brief at page 219, and the *Aunt Jemima* case at page 192, *post*.)

goods are made by A. and if damage therefrom to A. is to be seen, we are aware of no consideration which makes it controlling whether this damage to A. will come from market competition with some article which A. is then manufacturing or will come in some other way.\*

"Shortly after the filing of the decision just quoted a United States District Court held the use of the trade-mark 'Rolls-Royce' for automobiles to be infringed by the use of the mark upon radio tubes. The court brushed aside all citations of precedents, remarking:

" 'I am more impressed with the broad equities in this matter as it is presented in this individual case than I am perhaps by certain collateral citations. . . . I can't see, even in the citations that have been given that which leads me to determine otherwise than I am minded to determine.'"

"The *ratio decidendi* in such cases would appear to be simply a reluctance on the part of the court to permit defendants 'to get the benefit of complainant's reputation or of its advertisement or to forestall the extension of its trade.'† It discards entirely the archaic theories of the Middle Ages and of 'gild jurisprudence,' predicated upon the proprietary, regulatory and monopolistic significance of trade symbols and is a salutary, if somewhat belated, recognition of the actual nature and function of the trade-mark under modern conditions of production

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\* "*Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509, 512." (The case referred to is discussed in this brief at page 201.)

† "*Runyon, D. J., in Rolls-Royce of America, Inc. v. Howard Wall, Inc.* (Oct., 1924), 15 T. M. Rep. 12, 13. See, also, contra, the decision of Judge Dickinson (U. S. D. C., E. D. Pa.), in *Rosenberg Brothers and Company v. John F. Elliott* (June, 1924), 3 F. (2d) 682, that 'Fashion Park' as a trade-mark on overcoats, coats, vests, trousers and the like kind of clothing, sold to the wholesale trade, was not infringed by 'Fashion Park' on men's hats sold only at retail. Cf. *France Milling Co. v. Washburn-Crosby Co.*, — Fed. —." (*Rolls-Royce v. Wall, Rosenberg v. Elliott* and the *France Milling* case, referred to in the foregoing author's note, are discussed in this brief at pages 208, 210, 219.)

‡ "*Aunt Jemima Mills Co. v. Rigney & Co.*, 247 Fed. at p. 410. For a further discussion of the appropriation of trade symbols by non-competitors, see 25 Columbia Law Review (1925), 199; 23 Michigan Law Review (1925), 433." (The paper in the Columbia Law Review referred to in the foregoing author's note is discussed in this brief at page 270.)

and distribution. Such reasoning, unhampered by medieval preconceptions and present misconceptions, will give adequate protection to both existent and potential good-will, and will prove the most effective means of combating trade-mark pirates who lurk ever watchful on the fringes of the field of trade."

#### THE SIMPLEX CASE.

In the Simplex case (*American Steel Foundries v. Commissioner of Patents and Simplex Electric Heating Company*, 269 U. S. 372) the question decided was whether the previous adoption of the corporate name "Simplex Electric Heating Co." by one of the parties barred the other party, the American Steel Foundries, from registering the word "Simplex" as a trade-mark for certain railway appliances because of the prohibition quoted below from Section 5 of the Trade-Mark Act of February 20, 1905 (33 Stat. L., 725):

"Provided, That no mark which consists merely in the name of an individual, firm, corporation, or association not written, printed, impressed, or woven in some particular or distinctive manner, or in association with a portrait of the individual . . . shall be registered under the terms of this act."

We quote Section 5 in its entirety in Appendix G, (App., p. 95).

Inasmuch as the word "Simplex" is but part of the corporate name of the company which opposed registration of that word, the prohibition of the statute did not apply literally, and the question whether the case came within the intent of the statute was resolved upon the principles of the law of trade-marks and unfair competition. The fact that the parties dealt in different commodities led to the discussion by this Court of points which are involved in the instant case.

Following the statement of the facts and question in-

volved, the opinion, by Mr. Justice Sutherland, continues as follows:

“The answer to this question will be simplified if we approach it by first considering certain principles of the substantive law of trade-marks and unfair competition, in the light of which the legislation under review must be examined” (*Ibid*, p. 379).

Proceeding with the analysis of the case the Court states that it is not clear from the decisions whether a corporate name has been regarded as a trade-mark or a trade-name, but that “the precise difference is not often material, since the law affords protection against its appropriation in either view upon the same fundamental principles.” The law upon the exclusive rights in a corporate name, trade-mark or trade-name is then stated as follows (pp. 380-382):

“The effect of assuming a corporate name by a corporation under the law of its creation is to exclusively appropriate that name. It is an element of the corporation’s existence. *Newby v. Oregon Cent. Ry. Co., et al.*, Deady 609, 616; s. c. 18 Fed. Cases 38, case No. 10,144. And, as Judge Deady said in that case:

“ ‘Any act which produces confusion or uncertainty concerning this name is well calculated to injuriously affect the identity and business of a corporation. And as a matter of fact, in some degree at least, the natural and necessary consequence of the wrongful appropriation of a corporate name, is to injure the business and rights of the corporation by destroying or confusing its identity.’ ”

“The general doctrine is that equity not only will enjoin the appropriation and use of a trade-mark or trade-name where it is completely identical with the name of the corporation, but will enjoin such appropriation and use where the resemblance is so close as to be likely to produce confusion as to such identity, to the injury of the corporation to which the name belongs. *Cape May Yacht Club v. Cape May*

*Yacht & Country Club*, 81 N. J. Eq. 454, 458; *Armington & Sons v. Palmer*, 21 R. I. 109, 115. . . . Judicial interference will depend upon the facts proved and found in each case. *Hendriks v. Montagu*, L. R. 17 Ch. Div. 638, 648; *Higgins Co. v. Higgins Soap Co.*, 144 N. Y. 462, 469-471. . . .

"These principles, it must be assumed, were in mind when Congress came to enact the registration statute. And, since that body has been given no power to legislate upon the substantive law of trade-marks, it reasonably may be assumed, also, that, to the extent the contrary does not appear from the statute, the intention was to allow the registration of such marks as that law, and the general law of unfair competition of which it is a part, recognized as legitimate. The House Committee on Patents, in reporting the bill which upon enactment became the registration statute in question, said:

" 'Section 5 of the proposed bill we believe will permit the registration of all marks which could, under the common law as expounded by the courts, be the subject of a trade-mark and become the exclusive property of the party using the same as his trade-mark. Report No. 3147, Dec. 19, 1904, H. of R., 58th Cong., 3rd Sess. '

"The provision, therefore, that no mark consisting merely in the name of a corporation shall be registered, is to be construed in harmony with those established principles in respect of the appropriation of corporate names to which we have referred. Where the appropriation of the corporate name is complete, the rule of the statute, by its own terms, is absolute and the proposed mark must be denied registration without more. But where less than the whole name has been appropriated, the right of registration will turn upon whether it appears that such partial appropriation is of such character and extent that, under the facts of the particular case, it is calculated to deceive or confuse the public to the injury of the corporation to which the name belongs.

"The fact, for example, that the articles upon which the mark is used are not of the same description as those put out by the corporation, is entitled to weight, since the probability of such confusion and

injury in that situation obviously is more remote than where the articles are of like kind. The cases, naturally, present varying degrees of difficulty for the application of the rule. Primarily, the power and the duty rests with the Commissioner of Patents to determine the question in each case in the exercise of an instructed judgment upon a consideration of all the pertinent facts" (*Ibid*, pp. 380-382).

We have quoted from the opinion in the Simplex case for the reason that the facts there existing involved the principles of law by which the rights of the parties to the suit at bar must be tested, and because those principles are there brought together in a comprehensive statement fully confirmatory of the law as interpreted and applied in cases in the lower courts which we review later.

In both the Simplex case and the suit at bar the goods dealt in by the parties were specifically different, and in both cases the word constituting the trade-mark was also the salient word in the name of the corporation objecting to the use of the trade-mark by the other party.

In the Simplex opinion this Court, referring to the duty of the Commissioner of Patents as the tribunal of first instance, says that the question in each case must be determined upon a consideration of all the pertinent facts. Upon the facts in the Simplex case this Court decided that it did not appear that the use of the same trade-mark by both parties would probably confuse or deceive the public.

Upon every determinative point the facts in the instant case are the reverse of those in the Simplex case. In the Simplex case there was no proof of deception of the public and no indication of the probability or possibility of such deception. In the instant case there is absolute proof of universal deception of the public and even of retail tobacconists and of others having superior means and reason for obtaining correct informa-

tion including many wholesale dealers. The word "Simplex" has a suggestive significance, is in common use in many lines of business as a trade-name, and when used as a trade-mark or as part of a corporate name does not identify or even indicate any particular business or corporation. The word "Beech-Nut" in its use as a trade-mark or trade-name is absolutely arbitrary and devoid of any significance other than that created by its use in trade; it is not in common use, and when used in trade identifies the Beech-Nut Packing Company and its business, and is universally so understood by the public. It clearly appears from the conclusion of the opinion in the Simplex case that this Court's decision rested upon the absence of that evidence of deception and confusion of the public which is so abundantly present in the suit at bar. In fact, in the next to the last paragraph of the opinion, the Court, after stating that it does not appear that the use of the word "Simplex" by both parties will probably confuse or deceive the public, adds, as its conclusion from this premise, that it follows that the refusal to allow the registration was erroneous.

**DISTINCTION BETWEEN TRADE-MARK USE OF COMMONLY USED WORDS HAVING A SUGGESTIVE MEANING AND ARBITRARY WORDS NOT IN COMMON USE.**

The word "Simplex" is suggestive of the idea of simplicity and, as stated in the opinion, is commonly used in trade, the subject of over sixty registrations in the Patent Office and used as a part of the names of numerous corporations, which widespread and promiscuous use has divested the word of any significance as a symbol of the identity of any particular business. In the opinion in the Simplex case this Court quotes with approval the following from an opinion of the Commissioner of Pat-



ents in a previous case involving registration of the word "Simplex" as a trade-mark:

" 'It is a fact that the word "Simplex" has been in such wide and varied use in this country not only as a trade-mark but as part of a firm or corporation name that everybody has heretofore considered something more than the word "Simplex" necessary to identify a corporation. . . .

" ' . . . The word "Simplex" does not identify any corporation in particular, for the simple reason that it is equally the name of various corporations. In short, if one referred to "the company Simplex" without anything else, it would not be known to what he was referring. . . .

" 'The word involved in this case is one of a large class of words which have for a great many years been much used because of their peculiarly suggestive meaning. For other examples there are the words "Acme," "Anchor," "Champion," "Eureka," "Excelsior," "Ideal," "Jewel," "Liberty," "National," "Pride," "Premier," "Queen," "Royal," "Star," "Sunlight," "Triumph," "Victor." It would be a serious matter if the law actually permitted any one who chose to do so to organize a series of corporations with names containing these words, respectively, and thereupon virtually withdraw these words from public use as trade-marks and monopolize them by preventing their registry as such.' " (269 U. S. 383-4.)\*

The word "Beech-Nut" is a purely arbitrary word in its trade-mark use. It has no inherent significance even by the most remote suggestiveness, and it is not in common use as a trade-mark, nor is it in common use as a trade-name or as part of corporate names. The search made by Ex-Commissioner of Patents Newton, a Lorillard witness, for the express purpose of finding instances of the registration of the same word as a trade-

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\* The same idea is brought out in the Pabst Blue Ribbon, the Budweiser, the Noxall, and the Gold Medal cases, which we discuss *ante*, pages 147 to 152.

mark by different parties is significant in its failure to disclose such registrations of the word "Beech-Nut" (*ante*, pp. 152-4). The word "Beech-Nut" possesses all of those characteristics which are requisite as a foundation for broad protection, the absence of which characteristics was one of the fundamental reasons for limiting the breadth of protection accorded to the word Simplex. Wherever the word "Beech-Nut" appears upon or in reference to merchandise, it has been universally understood by the purchasing public as signifying that such merchandise is the product of the Beech-Nut Packing Company or of the company, firm or individual that produces the extensive line of Beech-Nut products. In the Simplex case this Court said:

"There may be, of course, instances where a single word in the corporate name has become so identified with the particular corporation that whenever used it designates to the mind of the public that particular corporation. But here it is not shown that, standing alone, the word 'Simplex' has that effect; . . . ." (*Ibid*, p. 383.)

In the case at bar there is proof absolute that the single word "Beech-Nut" has that very significance which the word "Simplex" lacked, that the word "Beech-Nut" means the Beech-Nut Packing Company, or the producer of the extensive line of Beech-Nut commodities and that it has this meaning to people of all classes, to the foreign-born who speak English with difficulty, to men of limited education and experience as well as educated and informed men of affairs whose high positions in business, journalism, professional and official life testify to their high intelligence, *ante*, pp. 75 to 80; 88 to 95; and Appendices A, B and C (App., pp. 1 to 74).

Defendant's contention in the instant case that the law justifies its use of the Beech-Nut trade-mark because the Beech-Nut Packing Company does not deal in tobacco

products ignores all of the fundamental principles of the law of unfair competition as set forth in the Simplex case and many previous cases in the lower courts of this country and England. The very fact that the rights of the parties are analyzed in such cases as the Simplex case and others shows the fallacy of defendant's position in the case at bar. If the fact that both parties do not deal in the same commodities were determinative without anything more, then it would only be necessary for the courts in such cases to ascertain that the commodities were the same or different and render judgment accordingly, and we would be forced to the conclusion that in the many cases, including the Simplex case, which have come up in the past involving different commodities, the courts performed a vast amount of useless labor, instead of simply ascertaining whether the commodities were the same or different and entering judgment on the fact so ascertained.

**CASES IN WHICH THE LAW AS STATED IN THE SIMPLEX CASE HAS BEEN APPLIED TO FACTS PARALLEL TO THE FACTS IN THE CASE AT BAR.**

**THE PENSLAR CASE.**

*Peninsular Chemical Co. v. Levinson et al.* (Court of Appeals, 6th Circuit, 1917, Opinion by Judge Denison, 247 Fed. 658).

In this case the plaintiff, Peninsular Chemical Company, used the coined word "Penslar" as a trade-mark for about 175 commodities, including medicines and other goods of the kind ordinarily sold by druggists, and had registered its Penslar trade-mark in the Patent Office. The Peninsular Chemical Company did not deal in cigars or other tobacco products.

Defendant, Samuel Levinson, was a manufacturer of

cigars and had no business connection with plaintiff. He applied a copy of plaintiff's trade-mark to the encircling paper bands and to the boxes of a line of cigars made by him and marketed these cigars as the product of the "Peninsular Cigar Co." Samuel Levinson's brother, S. W. Levinson, was also a party defendant. S. W. Levinson, as agent for his brother, was engaged in the sale of the cigars and represented to Penslar drug stores that defendant's business was connected in some way with plaintiff's business, and that the Penslar cigars were of high quality because plaintiff could not afford to sell a poor cigar. Samuel Levinson disclaimed authorization for these oral misrepresentations. Mr. S. W. Levinson seems to have been somewhat more direct in his methods than the Lorillard Company in the case at bar but the result was the same, and "it is the fraud, not the manner of it, which calls for the interposition of the court," as stated in Lord Macnaughten's words by Judge Morris in commenting upon a similar situation in *Willys-Overland Co. v. Akron Overland Tire Co.*, 268 Fed. 151, 153.

The sale of the Levinson's Penslar cigars in the Penslar drug stores which dealt in the goods of the Peninsular Chemical Company finds a parallel in the case at bar, where the evidence shows that tobacco products are almost universally carried by wholesale grocers and jobbers who are the principal distributors to the retail trade of the goods of the Beech-Nut Packing Company, that in many localities retail grocers and delicatessen dealers carry tobacco products, that drug stores carry both tobacco products and Beech-Nut chewing gum and candies, that defendant's scrap tobacco and cigarettes are often displayed upon the shelves and in the windows of these stores side by side with the products of Beech-Nut Packing Company (*ante*, pp. 95 to 98) and that purchasers buy defendant's tobacco products in the belief that the

Beech-Nut Packing Company has extended its business to include tobacco.

The court held that "so far as concerns the registered trade-mark and the jurisdiction and rights which rest solely thereon, plaintiff can have no relief," for the reason that the registration specified the use of the trade-mark only on articles in "class No. 6, chemicals, medicines, and pharmaceutical preparations," in which class cigars are not included "nor can they be said to be of the same descriptive properties as the specified articles."

The court discussed the common-law aspect of the trade-mark as follows:

"Based upon its common-law trade-mark rights, plaintiff argues that it has adopted the name 'Penslar' for articles commonly sold in drug stores; that cigars are so sold; that, although it has not yet sold cigars, it plans to do so, and that this would be a natural and ordinary development of its business; and that it has, therefore, a right to exclude from the use of the name one who adopts it for the sole purpose of forestalling plaintiff's impending adoption. This argument presents the very interesting question as to how far, if at all, a trade-mark may be pre-empted or reserved in advance of actual use—a question one aspect of which was somewhat considered by this court in *Rectanus v. United Drug Co.*, 226 Fed. 545, 553, 141 C. C. A. 301 (now pending in the Supreme Court). Its special color in the present case arises from the commercial practice, not yet, as far as we know, considered in any decided case, where a manufacturer or jobber is in the course of establishing and expanding throughout the country a chain of stores which use a trade name and handle a constantly increasing line of articles sold under that same trade-name.

"We have concluded that this question, as well as the somewhat co-relative argument by defendants that the terms of plaintiff's charter do not permit it to sell cigars, do not require any decision in this case. We also pass without consideration the argument that since plaintiff is not selling cigars, there

is no competition at all between the parties, and so there can be no unfair competition." (247 Fed. 660.)

It is apparent from the foregoing that the court considered the possibility of common-law trade-mark rights extending beyond the particular goods upon which the owner of the mark had used it. While the court held that the statutory rights conferred by registration did not extend beyond goods of the same class as those for which the mark was registered, it does not appear that the distinction between Sections 16 and 19 of the Trade-Mark Statute of February 20, 1905 (referred to *ante*, pages 126 to 129) was called to the attention of the court.

As shown by the following quotations from the opinion the court based its decision upon the right of the owner of a business to have the good-will of the business protected against injury. The court expressly refrained from grounding its decision upon the law of trade-marks or unfair competition, and based its decision upon its power and duty as a court of equity to enjoin injury to the property right which exists in the good-will of a business. Finding that a wrong had been committed against property the court enjoined its continuance, and found it immaterial whether the wrong should be classified as infringement of a trade-mark or as unfair competition. The court discussed the subject of good-will as the ground of its decision as follows:

"It is not denied that the good-will of a business and the good reputation of an output, when considered in connection with the business itself, are a species of property which may not be destroyed with impunity; and we know of no principle which will forbid malicious destruction of this kind to a competitor and permit it to a stranger. Indeed, it was assumed by all parties in the court below, and in this court—and we do not doubt—that malicious damage by defendants to the good-will of plaintiff's business and to the good reputation of plaintiff's

line of goods would be redressed by the law, and would call for an injunction where the remedy at law was not adequate." (247 Fed. 661.)

The Court of Appeals then referred to the fact that the District Court felt that the existence of damages was not sufficiently proved, and upon this phase of the case the Court of Appeals reasoned as follows:

"When it appeared that defendants untruthfully represented that the article they were selling was, in effect, the plaintiff's article, and that they were selling for or in the interest of plaintiff, that regular customers of plaintiff bought goods in the belief that they were of high quality or else plaintiff would not have put them out, and that certain customers found the goods unsatisfactory and unsalable, except at a sacrifice, we think there arose a sufficient presumption of threatened pecuniary injury to plaintiff to call for the injunction. Not only was there reasonable ground for apprehending injury to the high reputation of plaintiff's goods among its dealers and among consumers, but also the causing of a large number of dealers in different parts of the country to suppose that they had entered into contracts with plaintiff when, in fact, they had not, was reasonably sure to produce trade disputes and complications leading to expenditure of valuable time and efforts to remove the false impression, even if it did not lead to the costs and expenses of actual litigation. That this is a kind of injury of which the law must take notice seems to us the necessary result of the fundamental principles involved; but if somewhat specific support in precedent is desired, it may be found in *Eastman Co. v. Cycle Corp.*, 15 Pat. Cas., 105, and *Walter v. Ashton* (1902), 2 Chancery, 282. In the former of these cases it was held that a defendant should not be allowed to sell 'Kodak Bicycles,' because of the injuries naturally resulting to the established trade in 'Bicycle Kodaks'; and in the latter, the defendant was not allowed to call its bicycle a 'Times' bicycle, and represent that it was made by or for the newspaper of that name." (247 Fed. pp. 661-662.)

There were two defendants in this case, Samuel Levinson and his agent, S. W. Levinson. The latter held himself out as selling for plaintiff, but Samuel Levinson, the manufacturer of the cigars, denied that he authorized such conduct. Upon this point the Court of Appeals commented as follows:

“ . . . but when, in this case, we find a word of arbitrary form, which also is a plain imitation of plaintiff's name, and find it used with the peculiar script and decorations of plaintiff, and find it so marked on goods offered for sale by defendants to plaintiff's dealers under such a system as existed here, there is no escape from the inference that both defendants indirectly made the same representations which S. W. Levinson made in express words. It must be remembered that plaintiff's system of expanding business, and the systems followed by similar houses and well known to the dealers, made it a naturally to be expected thing that plaintiff should add cigars to its line, and the normal implications from the complete adoption of plaintiff's dress are affected by this well understood situation.” (247 Fed. p. 662.)

These facts in the “Penslar” case are paralleled in the case at bar. As held by the Court of Appeals in its consideration of Samuel Levinson's conduct, the mere use of the trade-mark in trade under the circumstances there and here prevailing is a misrepresentation. As held by the court the misrepresentation was as satisfactorily established by the circumstance of appropriation of the trade-mark as by the oral statements made by S. W. Levinson.

In the case at bar plaintiff is engaged in an expanding business which has given rise to the precise condition that is referred to by the court in the “Penslar” case in its statement that

“It must be remembered that plaintiff's system of expanding business, and the systems followed by similar houses and well known to the dealers, made



it a naturally to be expected thing that plaintiff should add cigars to its line." (247 Fed. p. 662.)

The court defined the injunction to which plaintiff was entitled as follows:

"The injunction will prohibit defendants from representing that cigars offered for sale by them are made by the plaintiff, or sold by its permission, or in its interest, or that plaintiff has any interest, direct or indirect, in such manufacture or sale, and from using, in connection with such cigars, the word 'Penslar' in the same or in substantially the manner and form in which the word has been used by them." (*Ibid*, p. 663.)

#### THE AUNT JEMIMA CASE.

(Containing a discussion of the English cases.)

*Aunt Jemima Company v. Rigney & Co.* (Dist. Court, E. D. New York, Veeder, J., 234 Fed. 804; Court of Appeals, 2nd Circuit, 1917, opinion by Judge Ward, 247 Fed. 407):

In this case plaintiff, a Missouri corporation, had used and registered its trade-mark for self-rising flour and defendant, a New York corporation, used and registered the same trade-mark for syrup. Neither company dealt in the goods dealt in by the other. The lower court refused relief. The Court of Appeals reversed.

The case was heard in the Court of Appeals by Judges Ward, Rogers and Learned Hand, Judge Ward writing the opinion. Judge Hand dissented on a point not involved in the case at bar. Following is a part of the court's opinion bearing upon the points involved in the case at bar (247 Fed. pp. 409-412—italics are ours):

"To use precisely the same mark, as the defendants have done, is in our opinion, evidence of intention to make something out of it—either to get the

benefit of the complainant's reputation or of its advertisement or to forestall the extension of its trade. There is no other conceivable reason why they should have appropriated this precise mark. The taking being wrongful, we think the defendants have no equity to protect them against an injunction, unless they get it from a consideration now to be examined.

"It is said that even a technical trade-mark may be appropriated by any one in any market for goods not in competition with those of the prior user. This was the view of the court below in saying that no one wanting syrup could possibly be made to take flour. But we think that goods, though different may be so related as to fall within the mischief which equity should prevent. Syrup and flour are both food products, and food products commonly used together. Obviously the public, or a large part of it, seeing this trade-mark on a syrup, would conclude that it was made by the complainant. Perhaps they might not do so, if it were used for flatirons. In this way the complainant's reputation is put in the hands of the defendants. It will enable them to get the benefit of the complainant's reputation and advertisement. These we think are property rights which should be protected in equity. We have held in *Florence v. Dowd*, 178 Fed. 73, 101 C. C. A. 565, that a manufacturer of hair brushes under the trade-mark 'Keepeclean,' who did not make toothbrushes, is entitled to be protected against the unfair competition of one who manufactures toothbrushes under the trade-mark 'Sta Kleen.' So in *Collins v. Oliver Ames Co.* (C. C.), 18 Fed. 561, a manufacturer of metal articles, which had never made shovels was granted an injunction preventing the defendant from putting the complainant's trade-mark on its shovels.

"The defendants are a partnership, and did not incorporate the words 'Aunt Jemima's' into their firm name; but the complainant seems to think that appropriation of a trade-mark is to be treated in exactly the same way as appropriation of a trade-name. The latter is a trespass of the same nature as is committed by one who applies another man's name to his own goods. *This is a wrong which equity will enjoin without reference to the character of the article, or to the question of competition or*

of prior occupation of the market in any particular territory. No one has a right to apply another's name to his own goods. If, for instance, one were to publish a book on banking under the name of a firm of bankers, it would be no answer to say that there was no competition between banking and publishing, or that the bankers had sustained no pecuniary damage, or that the book was a good book. The act would still be a trespass, for which the bankers would be entitled to at least nominal damages at law, and, that remedy being inadequate and the trespass being a continuing one, they would be entitled to relief in equity. Such is our decision in *British American Tobacco Co. v. British American Cigar Stores Co.*, 211 Fed. 933, 128 C. C. A. 431, Ann. Cas. 1915 B., 363, in which a company engaged solely in the wholesale tobacco business was protected against the use of a similar corporate name by a retailer of cigars, although there was not competition between them.

“There are many decisions of the English courts to the same effect. In *Eastman Company v. Kodak Cycle Co.*, 15 Reports Patent Cases, 105, the complainant was a manufacturer of cameras under the name Kodak. Defendant, under the name ‘Kodak Cycle Co.,’ began the manufacture of bicycles, calling them ‘Kodak’ cycles, and registered the name as a trade-mark for bicycles and other vehicles. The Eastman Company brought suit to restrain the use of the word ‘Kodak’ and to rectify the register. The motion for injunction and the motion to rectify the register came on to be heard together. The motion to rectify was sustained, and the defendant’s mark expunged, and an injunction was granted. Mr. Justice Romer said:

“ ‘Then I have to deal with the application for an injunction against the defendants in respect of what they are doing. They have just started business practically, and it appears to be that to allow them to use the word “Kodak” as part of the title of the Kodak Cycle Company, Limited, would be to give them the benefit of what, in my opinion, substantially amounts to an improper dealing on their part. It would be to allow this

company certainly to cause confusion between it and the plaintiff company. I think it would injure the plaintiff company and would cause the defendant company to be identified with the plaintiff company, or to be recognized by the public as being connected with it, and I think, accordingly, the defendant, the Kodak Cycle Company, Limited, ought to be restrained from carrying on business under that name. Moreover, it appears to be that they ought not to be permitted to sell their cycles under the name of the "Kodak Cycles" for similar reasons. I think it would lead to confusion, I think it would lead to deception, and I think it would be injurious to the plaintiff company. I therefore, grant an injunction to restrain the defendant companies, or either of them from carrying on business under the name "Kodak Cycle Company, Limited," or under any name comprising the word "Kodak" likely to mislead or deceive the public into the belief that the defendant company is the same company as or is connected with either of the plaintiff companies, or that the business of the said companies, or either of them, is the same as, or is in any way connected with, the business of the plaintiff's the Eastman Photographic Materials Company, Limited. I also grant an injunction to restrain the defendant companies, and each of them, from selling, or offering to sell, any of their cycles or goods as "Kodak." I think that will sufficiently protect the plaintiffs. Of course, the respondents, the defendants, must pay the costs, including the costs, of the comptroller.'

' *"Dunlop Pneumatic Tyre Co. v. Dunlop Lubricant Co., 16 Reports Patent Cases, 12: In 1888 the word 'Dunlop' was first used by complainant's predecessors to designate goods manufactured by them. Complainant made bicycle tires, rims, pumps, etc. One Funt started in business as the 'Dunlop Lubricant Co.,' and dealt in oils and lubricants for bicycles, which he sold in packages bearing the word 'Dunlop' in large letters. Complainant had never dealt in oils or lubricants. Held, that the use of the word, 'Dunlop' by defendant was deceptive, and it was enjoined.*

*"In Valentine Meat Juice Co. v. Valentine Extract*

Co., 17 Reports Patent Cases, 673, the complainant used the word 'Valentine' upon liquid meat extracts for medicine. Defendant used the word 'Valentine' on beef extract used for food. An injunction was granted.

"*Dunlop Pneumatic Tyre Co. v. Dunlop-Truffault Cycle & Tube Manufacturing Co.*, 12 Times Law Reports, 434: This was a motion for a preliminary injunction to restrain the defendant from using the name 'Dunlop' as a part of its corporate style. Complainant was the manufacturer of pneumatic tires, defendant the manufacturer of bicycles and steel tubes used in the manufacture of bicycles. An injunction was granted. Mr. Justice Chitty holding that the name 'Dunlop' had been chosen by the defendants to create confusion in the minds of the public and make them think that the defendant company was connected with that of the plaintiffs.

"*Premier Cycle Company v. Premier Tube Company*, 12 Times Law Reports, 481: This was a motion for a preliminary injunction to restrain the defendants from using the word 'Premier' as a part of their business style. Complainant was a manufacturer of bicycles and tubes used in their construction. The defendants stated that they were tube manufacturers and had no intention of competing with the complainant in the making of bicycles. An injunction was granted.

"We do not think these authorities apply to the appropriation of a trade-mark.

"As the defendant's conduct was wrongful, the complainant is entitled to an injunction, notwithstanding the delay of some eight years in asserting its rights (*McLean v. Fleming*, 96 U. S. 245, 24 L. Ed. 828), but is not entitled to an accounting for damages and profits.

"The decree is reversed."

The court did not explicitly state whether it based its decree on the theory that the facts constituted infringement of the technical common law trade-mark "Aunt Jemima," or that defendant's act was a wrongful appropriation of plaintiff's corporate and trade-name. The

court undoubtedly took the view expressed by Mr. Justice Pitney in the Hanover Star Milling case (240 U. S. 403), that the underlying right is the "right to be protected in the good-will of a trade or business," and that this right and its violation having been established, it was not necessary or important to determine the particular method employed by defendant, whether by the appropriation of a technical trade-mark or of a corporate or trade-name.

In the instant case the word "Beech-Nut" is both plaintiff's trade-mark and corporate and trade-name, the word "Beech-Nut" having been the distinctive element of its corporate name since 1899, and the company being known in the trade as "the Beech-Nut people."

#### THE ENGLISH CASES.

Following is a list of the English cases to which reference is made herein:

*Walter v. Ashton* [1902], 2 Chancery, 282. (High Court of Justice, Chancery Division—Before Mr. Justice Byrne.)

*The Eastman Photographic Materials Company, Ltd., and The Kodak Company, Ltd. v. The John Griffiths Cycle Corporation, Ltd., and The Kodak Cycle Company, Ltd.* (1898), 15 Reports Patent Cases, 105. (High Court of Justice, Chancery Division—Before Mr. Justice Romer.)

*The Dunlop Pneumatic Tyre Company, Ltd. v. The Dunlop Lubricant Company* (1898), 16 Reports Patent Cases, 12. (High Court of Justice, Chancery Division—Before Mr. Justice Romer.)

*Valentine Meat Juice Company v. Valentine Extract Company, Ltd.* (1900), 17 Reports Patent Cases, 673. (Court of Appeal, Lords Alverstone, Rigby and Collins.)

*Dunlop Pneumatic Tyre Company, Ltd. v. Dunlop Truffault Cycle and Tube Manufacturing Company* (1896), 12 Times Law Reports, 434. (High Court of Justice, Chancery Division—Before Mr. Justice Chitty.)

*Premier Cycle Company, Ltd. v. Premier Tube Company, Ltd.* (1896), 12 Times Law Reports, 481. (High Court of Justice, Chancery Division—Before Mr. Justice Chitty.)

With the exception of *Walter v. Ashton* all of these cases were cited, with a statement of the facts, by the Court of Appeals for the Second Circuit in the opinion in the Aunt Jemima case (*ante*, pp. 194 to 196), and *Walter v. Ashton* was cited by the Court of Appeals for the Sixth Circuit in the opinion in the Peninsular Chemical Company case (*ante*, p. 190). In view of the discussion of the English cases appearing in the opinion in the Aunt Jemima case (*ante*, pp. 194 to 196) we present here merely some brief additional comments on the Kodak case and a statement of the facts in *Walter v. Ashton*, the citation of which in the opinion in the Peninsular Chemical Company case (*ante*, p. 190) was accompanied by only a brief reference to the circumstances.

In his opinion in the Kodak case, *supra*, Mr. Justice Romer gave weight to the fact that "many shops sell and deal in both bicycles and photographic cameras and materials," and also to the fact that "the plaintiff company may wish hereafter to manufacture and to sell cycles specially adapted to carry their 'Kodaks.' " Both of these circumstances are paralleled in the instant case.

The Lorillard Beech-Nut tobacco products are sold in the same shops where the Beech-Nut Packing Company's chewing gum and other products are sold. Furthermore, the Beech-Nut Packing Company not only "may wish hereafter to manufacture and to sell" tobacco products, but, as set forth in the statement of the case (*ante*, pp. 120 to 122), the Beech-Nut Company has for years had under consideration the manufacture and sale of cigarettes and at one time engaged a man who was expert in the blending of tobacco to assist in their investigation of the subject. In its opinion in the instant case the Court of Appeals made the following statement:

"There is no evidence that the defendant ever intended presently or prospectively to compete for the trade of the plaintiff. It could not have done so as long as they continued their distinct and unrelated lines of business and there is no evidence that a change was ever contemplated by either."  
(R. Vol. V, p. 2701.)

The concluding part of the above quoted statement, namely, that "there is no evidence that a change was ever contemplated by either" is one of the several instances in which the court below based its reasoning upon a misapprehension of the proved facts. So far from there being no evidence that the Beech-Nut Company ever contemplated competing in the tobacco business, there is the direct and positive testimony of W. C. Arkell, assistant secretary, and of Francis E. Barbour, vice-president, of the company, that the question of manufacturing and selling cigarettes has long been a matter of serious consideration (*ante*, p. 121).

Following is a statement of the facts in *Walter v. Ashton* [1902], 2 Chancery, 282, referred to by the Court of Appeals for the Sixth Circuit in the opinion in the Peninsular Chemical Company case (*ante*, p. 190).

Mr. Walter was one of the proprietors of the London Times newspaper. The Times had sold the Encyclo-



paedia Britannica and other books on installment payments, and this system of sale and payment had come to be known as the Times system of monthly payments. It also appears that the Times used the representation of a clock with the hands pointing to five minutes past six, though whether as part of the heading of the newspaper or in some other way is not made clear by the Court's opinion. The defendant, Ashton, offered for sale bicycles which he called in his advertisement circulars "The Times Cycle," and he stamped or printed on the bicycles a representation of a clock with the hands pointing to five minutes past six "as in the clock in the Times newspaper." The style of type and stationery used by Ashton in the advertisements of his bicycle was imitative of the type and stationery used by the Times newspaper in the advertisements of the Encyclopaedia Britannica. The decision of the Court was upon an application for an interim injunction restraining the defendant from representing that the cycles offered by him for sale were offered for sale by the Times newspaper, and from representing that he was carrying on business as a department of or in connection with the Times newspaper or that the Times newspaper was the owner of his business. The suit was not for infringement of trade-mark rights, but was grounded upon the deception brought about as the collective effect of several acts each of which might in itself have been harmless. The injunction was granted as prayed for. Mr. Justice Byrne agreed with the defendant that he was entitled to call his cycle "The Times Cycle" or to stamp or print a picture of a clock on his bicycle in the absence of other acts which collectively would produce the deception complained of. The test was the presence or absence of deception of the public, not the nature of the means used to effect the deception or the properties of the goods which were sold by means of, or with the aid of, the deception.

## THE VOGUE CASE.

*Vogue Company v. Thompson-Hudson Co.*, 300 Fed. 509, and 6 F. (2d) 875. U. S. Circuit Court of Appeals, Sixth Circuit, opinion by Judge Denison (Oct. 7, 1924).

Plaintiff, the Vogue Company, is the publisher of the fashion magazine "Vogue" and has published the same since the year 1892. The Vogue Company claimed ownership of the word "Vogue" as a trade-mark, and also of a mark consisting of a large capital letter "V" having between its sides the figure of a woman, the latter mark being called the "V-girl." The defendant, Thompson-Hudson Company, sold women's hats to each of which was affixed a label bearing the words "Vogue Hats" and a mark consisting of a large capital letter "V" having between its sides the representation of a woman's head. The Vogue Company, publisher of the magazine, did not deal in hats. The court held the word "Vogue" taken alone to be descriptive and not appropriable as a trade-mark, but enjoined the defendant from using the "V-Girl" mark on the ground that such use was unfair competition. As stated by the court, the Vogue Hat Company, manufacturer of the hats, intervened and conducted the defense. The court explains its views in the following quotations from the opinion:

"In 1912 the Vogue Hat Company was organized, and in 1913 it began to mark its hats with the above label. These hats, so manufactured, were put on sale by retailers throughout the country. There is no reason to doubt that this course of conduct by the defendant manufacturer and its retailers created a very common alternative impression—first, that these hats were manufactured by the plaintiff; or, second, that, although some knew that plaintiff was not manufacturing, yet these hats were in some way vouched for or sponsored or approved by the plaintiff. Such an impression is obviously one that

would be inevitable, there is abundant proof that the average purchaser in different parts of the country so believed, and there is no reason to doubt that the saleswomen of the defendant retailer, who thus represented in express terms to inquiring customers, were speaking what they believed to be the truth. Save for the obstacles which have been mentioned, and which the District Court thought insuperable, the plaintiff's case for relief is too clear for question.

"So far as plaintiff's rights are based upon the mere use of the word 'Vogue,' in the phrase 'Vogue Hats,' we think the District Court was right. The word itself was by no means arbitrary. In 1892, as since, the word was one of common right. It was approximately synonymous with 'style' or 'fashion.' (300 Fed. 511.)

. . . . .

"Whether we consider the case as one of technical trade-mark or so-called unfair competition, and if we consider plaintiff's rights as confined to the use of this 'V-Girl' and the capital letter 'V' in its dominating relation to the remainder of the word, the defendant's appropriation of plaintiff's dress is not to be disputed.

"For the purpose of this opinion, but without intimating a decision, we assume that relief could not be given under the law of technical trade-marks. Whether the commonly applicable rule, that the trade-mark product and the infringing article must be of the same descriptive qualities, should be modified and adapted to meet such a case as this, can be passed until necessary for decision.

*"We come, then, to what is called 'unfair competition.' This is nothing but a convenient name for the doctrine that no one should be allowed to sell his goods as those of another. This rule is usually invoked when there is an actual market competition between the analogous products of the plaintiff and the defendants, and so it has been natural enough to speak of it as the doctrine of unfair competition; but there is no fetish in the word 'competition.' The invocation of equity rests more vitally upon the unfairness. If B. represents that his goods are made by A., and if damage therefrom to A. is to be seen, we*

are aware of no consideration which makes it controlling whether this damage to A. will come from market competition with some article which A. is then manufacturing or will come in some other way. The injury to A. is present; and the fraud upon the consumer is present; nothing else is needed. This is the principle upon which the two English bicycle cases were decided. *Walter v. Ashton* [1902] 2 Ch. Div. 282; *Eastman Co. v. Kodak Co.*, 15 Rep. Pat. Cases, 105. It was also at the bottom of our own decision in *Peninsular Co. v. Levinson*, 247 Fed. 658, 159 C. C. A. 560 [8 T. M. Rep. 171] and of *Akron Co. v. Willys Co.* (C. C. A. 3) 273 Fed. 674 [11 T. M. Rep. 281]; *Imperial Co. v. Fairbanks Co.*, 50 App. D. C. 250, 270 Fed. 686 [11 T. M. Rep. 107]; *Aunt Jemima Co. v. Rigney* (C. C. A. 2) 247 Fed. 407, 159 C. C. A. 461, L. R. A. 1918C, 1039 [8 T. M. Rep. 163]. We have no doubt it is a sound principle, and should be applied in appropriate cases.

"In this case the reasonable probability of injury to plaintiff through defendant's misrepresentation is clear, even if it has not actually occurred. Plaintiff's magazine is so far an arbiter of style and the use of plaintiff's trade-mark upon defendant's hats so far indicates that the hats were at least sponsored and approved by the plaintiff, that the same considerations which make the misrepresentation so valuable to defendants make it pregnant with peril to plaintiff. It seems not extreme to say, as plaintiff's counsel do, that persistence in marking under this trade-mark articles of apparel which are unfit, undesirable, or out of style would drive away thousands of those who customarily purchase plaintiff's magazine. This record makes a case entirely fit for the application of the principle just discussed; and plaintiff was entitled to an injunction against the further use either of the 'V-Girl' or the 'V,' not in its ordinary use as a capital letter, but as the dominating feature of the label. (Pp. 511-512.) . . .

"Since the misrepresentation put by defendant manufacturer upon the label requires the injunction, it is unnecessary to differentiate the case more expressly made against the retailer. The other grounds urged in defense have not impressed us.

"The decree dismissing the bill is vacated, and the

case remanded for further proceedings pursuant to this opinion." (P. 513.) (*Italics are ours.*)

The court held in its opinion on the hearing of the appeal (300 Fed. 509) that the word "Vogue" is descriptive and therefore not appropriable as a trade-mark. In the hearing of the motion to direct the form of the mandate (6 F. (2d) 875), the court adhered to this view, but held that defendant's otherwise clear right to mark its hats "Vogue Hats" had been tainted and forfeited by its original use of those words accompanied by the plaintiff's "V-Girl" trade-mark, and ruled that the defendant should not be permitted to retain and carry on the business so built up by merely dropping the "V-Girl" and the dominant letter "V." Hence the court directed that the defendant accompany the words "Vogue Hats" with a manufacturer's name which it might select of which name the word "Vogue" should not be a part. The court referred to a similar decision which it had made in *Coca-Cola Co. v. Gay-ola Co.* (200 Fed. 720, 723) in which the defendant was prohibited from coloring its beverage in a way that it would have been perfectly free to do except for the fact that it had used the color in question as one of several steps in a plan to bring about the fraudulent substitution of its product for that of the plaintiff.

In the instant case, even if the Lorillard Company had had, in the year 1915, the right to use the word "Beech-Nut," its use of that word as part of the Beech-Nut Company's trade-mark would have worked a forfeiture of that right in the same way that such forfeiture was brought about in the Vogue and Coca-Cola cases referred to in the preceding paragraph. The Lorillard Company, by using the word "Beech-Nut" as part of the Beech-Nut Company's trade-mark has confirmed the belief of the purchasing public that the word "Beech-Nut" upon tobacco and cigarettes means that those goods are produced

by the Beech-Nut Company. Even if the word "Beech-Nut" alone, *i. e.*, without the other elements of the Beech-Nut Company's trade-mark, could have been used on tobacco in 1915 without causing deception, it is certain that today it would, as it does, mean that the tobacco was the product of the Beech-Nut Packing Company for the reason that for the past ten years the Lorillard Company has sold tobacco and cigarettes labeled with the word "Beech-Nut" as part of the Beech-Nut Company's trade-mark. Therefore, even if the old Weissinger Beechnut trade-mark had not been abandoned the Lorillard Company's fraudulent use of the word "Beech-Nut" would have worked a forfeiture of any right to use the Weissinger trade-mark or the word "Beechnut" which formed part thereof.

#### THE OVERLAND AND ROLLS-ROYCE CASES IN THE THIRD CIRCUIT.

*Akron-Overland Tire Co. v. Willys-Overland Co.*, District Court, District of Delaware, Morris, J., 268 Fed. 151; Circuit Court of Appeals, 3rd Circuit, Opinion by Judge Buffington, 1921, 273 Fed. 674.

*Howard Wall, Doing Business Under the Name and Style Rolls-Royce Tube Co. v. Rolls-Royce of America, Inc.*, Circuit Court of Appeals, 3rd Circuit, 1925, Opinion by Judge Buffington, 4 F. (2d) 333.

In the Overland and Rolls-Royce cases the Court of Appeals for the Third Circuit affirmed the decrees of the District Court enjoining the defendants against using the trade-names or corporate names of the plaintiffs. In each of these cases the plaintiff and defendant dealt in non-competing articles. In the Overland case plaintiff was a manufacturer of automobiles and had no connec-

tion with the tire business other than the use of tires as part of the equipment of its automobiles. The defendant dealt in tires. In the Rolls-Royce case plaintiff was a manufacturer of automobiles and defendant was a manufacturer of or dealer in vacuum tubes for radio apparatus.

In our discussion (*post*, p. 210) of a later case decided by the Third Circuit Court of Appeals (*Rosenberg v. Elliott*, 7 F. (2d) 962), in which the court discusses the Overland and Rolls-Royce cases, we point out the conflict between the decisions in the two cases last mentioned and the decision of the same court in the suit at bar.

#### THE OVERLAND CASE.

*Akron-Overland Tire Co. v. Willys-Overland Co.*, U. S. Circuit Court of Appeals, 3rd Circuit, 1921, opinion by Judge Buffington, 273 Fed. 674.

The Willys-Overland Company was engaged in the manufacture and sale of automobiles. Its only connection with the tire industry was the use of tires for the equipment of its automobiles. In its bill of complaint the Willys-Overland Company charged the Akron-Overland Tire Company, Inc. (which dealt in tires and not in automobiles), with a wrongful and unfair use of the word "Overland," and moved for a preliminary injunction restraining the defendant from using that word as the whole or as part of its corporate name, from listing its capital stock under such name in any stock exchange, and from designating its tires, or any other accessories by the word "Overland," or by any combination of words containing that name.

The opinion of the District Court by Judge Morris (268 Fed. 151) sets forth the fact that plaintiff's name "Overland" was in 1909 registered in the Patent Office as a

trade-mark for automobiles, that the trade-mark has been so used and is widely and favorably known. As shown by the list on page 46 of the copy of the Patent Office rules relating to trade-marks which is in evidence as Defendant's Exhibit No. 34 (R. Vol. VI, p. 234), automobiles are classified by the Patent Office in Class 19, entitled "Vehicles, not including engines," and rubber tires in Class 35, "Belting, hose, machinery packing, and non-metallic tires."

In the opinion of the Court of Appeals reference is made to defendant's contention that there could be no unfair competition by defendant because defendant and plaintiff were not engaged in the same kind of business, the defendant dealing in tires and the plaintiff in automobiles. Upon this point the court said:

" . . . in exact terms the two do not compete in these particular things, yet the fact remains that the business of both is so connected with automobiles that the public, in buying the stocks, securities, and retread tires of the defendant company, by the use of the word 'Overland' in connection therewith, will, by such descriptive word, be led to believe it is buying property or articles owned or dealt in by the plaintiff or one of its subsidiary companies." (273 Fed. 676.)

The Court of Appeals reasoned as follows upon the facts before it:

"That the defendant's use of the word 'Overland' in connection with the sale of its retread tires and its stocks and securities, would enable it to share in the plaintiff's good-will and reputation, also cannot be gainsaid. That such use of the word 'Overland' by the defendant would breed confusion and misunderstanding in the minds of the public is foreshadowed by what did happen in the way of third parties confusing and connecting the defendant and its acts with the plaintiff company, and even holding the plaintiff accountable for such acts. Indeed, it is manifest that under the facts of this case the main-



tenance by the plaintiff of the good-will attributed to Overland business and products would, in the future, be determined, not alone by what the plaintiff did to uphold the standard of that good-will, but by what the defendant might do by failure to uphold such reputation and maintain such good-will." (*Ibid*, p. 676.)

#### THE ROLLS-ROYCE CASE.

*Howard Wall, Doing Business Under the Style and Name Rolls-Royce Tube Co. v. Rolls-Royce of America, Inc.*, Circuit Court of Appeals, Third Circuit, opinion by Judge Buffington, 4 F. (2d) 333.

Plaintiff, Rolls-Royce Company, manufactures automobiles and aeroplanes. Defendant, Howard Wall, dealt in radio tubes under the name Rolls-Royce Tube Company and advertised and marked the tubes which he sold with the name "Rolls-Royce." After stating the facts the Court of Appeals discussed the case as follows:

"From the pleadings and statements made at the argument, it is clear that the purpose of Wall was to take and use the good-will, fair name and trade record which the two companies had, through years of business integrity, given to the name Rolls-Royce, and thereby create in the minds of the public, the impression that his mail order tubes bore some connection with the real Rolls-Royce Companies. Upon no other theory than a purposed appropriation to himself and an intent to convey to the public a false impression of some supposed connection with the Rolls-Royce industries, can Wall's actions and advertisements be explained. Seeing then that by putting his individual business under the name Rolls-Royce and utilizing its trade reputation and earned good will, Wall could greatly benefit himself, the converse of the proposition follows, that this veiling of his business under the name Rolls-Royce might and indeed almost surely would injure the real Rolls-Royce industries and substantially detract from their good

will and fair name. It is true those companies made automobiles and aeroplanes and Wall sold radio tubes and no one could think when he bought a radio tube he was buying an automobile or an aeroplane. But that is not the test and gist of this case. Electricity is one of the vital elements in automobile and aeroplane construction and having built up a trade-name and fame in two articles of which electrical appliances were all important factors, what would more naturally come to the mind of a man with a radio tube in his receiving set on which was the name Rolls-Royce, with nothing else to indicate its origin, than for him to suppose that the Rolls-Royce Company had extended its high grade of electric product to the new, electric-using radio art as well. And if this Rolls-Royce radio tube proved unsatisfactory, it would sow in his mind at once an undermining and distrust of the excellence of product which the words Rolls-Royce had hitherto stood for.

"In addition to what has been said it is quite possible that the use of such a name might lead third parties to credit the defendant's business, on account of its name of Rolls-Royce, with an unwarranted financial reliability and if such assumptions eventually prove unfounded the name of Rolls-Royce would suffer accordingly. Indeed, from the standpoint of commercial integrity, fair business and trade equity, we feel the court below, sitting in equity, was justified in preventing the defendant from veiling his business under the name of Rolls-Royce for he had and could have had but one object in view, namely, to commercially use as his own a commercial asset that belonged to others, the continued use and abstraction of which is fraught with such possibilities of irremediable injury that the only way to remedy it is to stop it at the start.

"The decree below is affirmed." (4 F. (2d) 333-334.)

## ROSENBERG v. ELLIOTT.

*Rosenberg Bros. & Co. v. Elliott* (District Court, Eastern District of Pennsylvania, Dickinson, J., 3 F. (2d) 682; Circuit Court of Appeals, Third Circuit, opinion by Judge Woolley, 7 F. (2d) 962.)

Plaintiff, Rosenberg Bros. Co., manufactured "ready made" clothing and applied to the same the trade-mark "Fashion Park." Plaintiff did not make or deal in hats or caps. Defendant, Elliott, dealt in hats bearing the trade-mark words "Fashion Park." The lower court dismissed the bill of complaint on the ground that the goods dealt in by the parties were different, holding that the plaintiff's rights in his trade-mark did not extend to any goods other than those to which it had applied the mark. The Court of Appeals stated the issue involved in the case as follows:

"This brings us to the question—the central question of fact in the case—whether hats and caps are so closely related to men's clothing, both being wearing apparel, as to be within the same class and of the same description." (Page 964).

The Court of Appeals found hats and caps to be in the same "class" with ready made clothing, therefore held that the clothing manufacturer's trade-mark rights extended to hats and caps, and enjoined the hat dealer from applying the clothing maker's trade-mark to hats. In this respect the decision is of interest here only as further showing the rigid adherence of the Court of Appeals of the Third Circuit to the arbitrary rule of classification of merchandise as a principle governing the extent to which business reputation and good-will and the fruits of expensive advertising shall be protected. The opinion in the case is interesting, however, in that it contains a discussion of the Overland and Rolls-Royce cases, previ-

ously decided by the same court (discussed *ante* at pages 205-9), which discussion is directed to showing that those cases are not authorities on trade-mark law but involve a question altogether distinct therefrom. We will discuss this part of the opinion in the Rosenberg case with the purpose of attempting to ascertain the distinction which led the court to grant relief in the Overland and Rolls-Royce cases and to deny relief in the case at bar.

The court states (p. 963, second column) that though the law governing trade-marks is a branch of the broader law regulating trade competition

"it should be kept in mind that, though alike in principle, they are enough unlike in practice to admit of raising and trying different issues. Yet the distinction between these similar laws is not always observed, as we have found from an inclination of counsel rather frequently to cite the decisions of this court in *Akron-Overland Tire Co. v. Willys-Overland Co.* (C. C. A.), 273 F. 674, and *Howard Wall v. Rolls-Royce of America, Inc.* (C. C. A.), 4 F. (2d) 333, as authority for finding infringement of a trade-mark by its use on different but related wares and sometimes as authority for infringement by use on wares that are not related. We pause to note that those cases are not authority on the law of trade-mark infringement at all, for each was tried and decided on the single issue of unfair competition, and then not unfair competition in the sale of goods but in the unfair appropriation and use of a competitor's trade-name—with the intention, of course, thereby to profit in the sale of goods of a related character. Such an act is not infringement of a trade-mark but is a trespass of the same nature as is committed by one who applied another man's name to his own goods. It is a wrong which equity will enjoin even when the goods of the two men do not strictly enter into competition."

Judge Woolley wrote the opinion in *Rosenberg v. Elliott*. The opinion in the instant case was written by

Judge Davis and contains the following reference to the opinion in the Rosenberg case:

“Judge Woolley in his comprehensive exposition of the law of trade-marks said with reference to the property right of an owner of the mark: ‘If property, it is property of a qualified nature, for it is settled that no absolute ownership in or exclusive right to use a name as a trade-mark is vested in anyone.’ (*Rosenberg Bros. & Co. v. Elliott.*)” (R. Vol. V, p. 2699.)

It appears from the opinion in the Rosenberg case (p. 967, near the top of the first column) that there was no testimony in that case that any purchaser had actually been deceived, although the court indicates (paragraph beginning near the bottom of the second column on page 965) that it considers deception of the public a factor of weight.

Judge Woolley, in the passage above quoted, says that the Overland and Rolls-Royce cases “are not authority on the law of trade-mark infringement at all,” and that these cases were tried “on the single issue of unfair competition.” But, inasmuch as the wrong—the appropriation of good-will—is the same in both we are unable to understand how in this connection the distinction is more than verbal. Judge Woolley continues with the statement that the unfair competition in the Overland and Rolls-Royce cases was “not unfair competition in the sale of goods but in the unfair appropriation and use of a competitor’s trade-name—with the intention, of course, thereby to profit in the sale of goods of a related character.” Studying these words in the endeavor to find therein a reason for granting relief in the Overland and Rolls-Royce cases and not in the suit at bar, we find only a statement of what the court’s words indicate to be lesser wrongs in the Overland and Rolls-Royce cases than in the case at bar, for the court has said that those

cases involved no trade-mark question but only the appropriation of a trade-name with the intention thereby of profiting in the sale of goods. We are unable to see any material distinction in the degree of vice between appropriating a party's trade-name for the purpose of profiting thereby in the sale of goods and appropriating his trade-mark for that purpose. However this may be, the Lorillard Company has committed the greater offense of appropriating both the trade-mark and trade-name of the Beech-Nut Packing Company, this double appropriation involving also the appropriation of the corporate name of the Beech-Nut Company inasmuch as the word "Beech-Nut" is so far the predominating and identifying part of its corporate name that appropriation of that word is in effect appropriation of the corporate name.

The court, in the passage above quoted, refers to the appropriation of the trade-names in the Overland and Rolls-Royce cases as being for the purpose of profiting "in the sale of goods of a related character." In the Overland case the goods were automobiles as an entirety and tires as a separate article of trade. There was no competition between them, no possibility of substitution of one for the other, but it may be that the use of tires on automobiles would tend to re-enforce the suggestion of similarity of origin growing out of the use of the same name on both automobiles and tires, and thereby aggravate the tendency to deceive purchasers. But this is of importance only in so far as deception of the public is important, and universal deception of the public has been proved by direct evidence in the suit at bar. Furthermore in the Rolls-Royce case the goods were automobiles and radio tubes. It is difficult to conceive of articles less related in structure, use, mode of operation and in the channels of trade through which they flow than automo-

biles and radio tubes. Yet the Court of Appeals found them sufficiently related to grant relief in the Rolls-Royce case on its theory that the goods must be related in some way, and at the same time found that Beech-Nut chewing gum and packaged candies and Beech-Nut tobacco and cigarettes are totally unrelated although they are all luxuries which from the time they leave the factory door travel together through the houses of the same jobbers and wholesalers to the same retailers where they are advertised and displayed side by side and sold to the same customers often at the same time. And the court did this notwithstanding the nation-wide understanding of the fact that the Beech-Nut Packing Company produces a large number of commodities under its Beech-Nut trade-mark and is constantly bringing out new goods under the same trade-mark. The Overland Company and the Rolls-Royce Companies used their names only upon the automobiles which they made. Despite the fact that neither the Overland Company nor the Rolls-Royce Company had ever produced more than one article and had never given the public reason to believe that they were ever going to produce anything else, and despite the fact that the Beech-Nut Packing Company produces regularly upwards of sixty different commodities and has thoroughly implanted in the public mind the expectation that they will produce new products under their name from time to time, the Court of Appeals has decided that the Overland name extends not only to automobiles but also to tires as a separate article of commerce, and that the Rolls-Royce name extends not only to automobiles but also to radio tubes, and then has decided that the Beech-Nut Company's rights in its name do not extend to the Beech-Nut tobacco and cigarettes which the public believes that it produces and which are sold alongside of the Beech-Nut Company's chewing gum, packaged hard

candies and other products. The distinction between a trade-mark applied to an extensive line of products and one applied to a single commodity is referred to by Judge Hough in the opinion in *France Milling Co. v. Washburn-Crosby Co.* (*post*, p. 221).

It would be easy to reconcile the different decisions of the Court of Appeals for the Third Circuit if they had refused injunctions in the Overland and Rolls-Royce cases and granted an injunction in the suit at bar. As it is we are able to find nothing in the opinions of that court or elsewhere to support any conclusion other than that the decision of the Third Circuit Court of Appeals in the suit at bar collides as forcibly with its own previous decisions as with the decisions of the Courts of Appeal of the Sixth and Second Circuits in the cases elsewhere herein reviewed.

#### COLLINS V. AMES.

*Collins v. Ames*, Circuit Court, S. D. N. Y., opinion by Mr. Justice Blatchford, 18 Fed. 561.

The Collins Company manufactured axes, hatchets, adzes, picks and other implements, all of which it marked with the words "Collins & Co.," the name of the business before it was incorporated, but did not make or deal in shovels until after the Ames & Sons Corporation had established an extensive business in shovels bearing the name "Collins & Co." The Ames & Sons Corporation contended that it had the right under the law to apply the words "Collins & Co." to shovels by reason of the fact that Collins & Co. did not make or deal in shovels until after the Ames business had become established. Upon defendant's theory in the case at bar this would have been a good defense in that there can be no direct competition between shovels and edged tools, no possibility



of substitution of shovels for axes, etc., in particular sales, and hence no diversion of particular sales from the Collins Company to the Ames Corporation. As in the case at bar the injury to the Collins Co. was confined to the impairment of their business reputation and goodwill and the prevention of the expansion of the Collins business under its own name to include a product lying in the path of its normal growth. The following passages are quoted from Mr. Justice Blatchford's opinion:

"Therefore, although the shovels made by Ames & Sons under this order and subsequently, and stamped 'Collins & Co.,' and sent to Australia and elsewhere, may intrinsically have been of high quality, yet the only object of the defendant in putting the stamp 'Collins & Co.' upon them must have been to avail himself of the credit and reputation and market which the plaintiff had established for the articles it made and sold with the stamp 'Collins & Co.' upon them. There was no other purpose in this. Clearly, those who purchased shovels made by Ames & Sons, and stamped 'Collins & Co.' would believe that such shovels were made by the plaintiff, for there was no other Collins & Co. than the plaintiff. This was an unlawful appropriation of the plaintiff's trade-mark. It is true that the plaintiff up to that time had made no shovels. It is also true that Ames & Sons and the defendant have built up a business in shovels stamped 'Collins & Co.' But the plaintiff had a right to make shovels, and it had made kindred articles of metal, and its good name and reputation in its business were wholly connected with the use, in its trade, of the mark 'Collins & Co.' " (Pp. 569, 570).

"It is strongly urged, on the part of the defendant, that a mark or stamp, to be a trade-mark, must be the mark of an existing trade; that the mark 'Collins & Co.' on shovels, when adopted by Ames & Sons, became the mark of a trade in shovels carried on by Ames & Sons; that the plaintiff had no trade in shovels at the time; that the mark 'Collins & Co.' thus became the mark of Ames & Sons' trade in shovels, and the property of Ames & Sons in respect

to shovels made by them, by prior right; that any use of that mark on shovels afterwards by the plaintiff became wrongful as against Ames & Sons or the defendant; and that the plaintiff has no right in the premises which it can enforce against the defendant. This view is specious but unsound. The plaintiff having from 1843 the right to make any article of iron, steel or other metal, and having gone on from that time, both before and after 1856, extending its manufacture beyond edge-tools into digging tools, such as picks and hoes, and having always put the mark 'Collins & Co.' on its best quality of articles, the fact that it did not before 1856 make a digging tool such as the shovels on which, in 1856, Ames & Sons put the mark 'Collins & Co.' does not warrant the conclusion that the mark was not in 1856 the mark of the plaintiff's trade in respect to such shovels.

"The plaintiff is entitled to a decree for a perpetual injunction, as prayed in the bill, and for an accounting before a master as to profits and damages, and for the costs of the suit" (p. 571).

It is significant that in the concluding part of its opinion above quoted the court referred to the mark as being in 1856 "the mark of the plaintiff's trade in respect to such shovels." This shows that the court considered that the trade-mark right of plaintiff extended to shovels in advance of the date when it manufactured shovels, and that the court did not find it necessary to base its decision upon the ground of unfair competition as distinguished from infringement of a technical trade-mark.

#### ALUMINUM CO. V. SARGOY.

*Aluminum Company v. Sargoy Bros. & Co.*, District Court, E. D. N. Y., 1921, Chatfield, J., 276 Fed. 447.

In this case the plaintiff, the Aluminum Company, dealt in cooking vessels made of aluminum to which it applied the word "Wear-Ever" as a trade-mark. Plaintiff did not deal in wash boilers. Defendant put on the

market a tin wash boiler upon which it used the word "Wear-Ever" as a trade-mark. In the following quotations from Judge Chatfield's opinion the pertinent facts and the court's judgment are set forth:

"The testimony in this case shows that in the Patent Office cooking utensils are considered and classified as a different line of commercial manufacture from articles for laundry purposes or articles for household work, like cleaning or scrubbing,

"Validity of trade-mark cannot depend upon classification or indexing by the Patent Office alone. . . ." (p. 448.)

"the plaintiff certainly makes out a case of unfair competition when it shows that the defendants are placing upon the market an article of tin, in general resembling aluminum, sold in stores dealing in household supplies, in such a way that the 'Wear-Ever' cooking utensils and the 'Wear-Ever' wash boiler would be substantially side by side in its exposure for public inspection and convenience, where the paper wrapper is obviously copied from the plaintiff's advertising matter, where a large portion of the tin surface is covered up so that the uneducated or not-understanding person might fail to note the difference between the metal aluminum and metal tin, and where the purpose of putting this article on the market in that form is shown by the significant opportunity presented by the plaintiff's failure to have wash boilers as one article in their line of utensils. The defendants seek to excuse their act by showing that their wash boilers are 'good' tin wash boilers and that a purchaser is not cheated. They also show that the plaintiff does not sell wash boilers and therefore there is no competition in the wash boilers themselves. . . ." (p. 450).

"The record makes it plain that the defendants are competing unfairly with the plaintiff by trading upon the public's belief in the 'Wear-Ever' name and the demand created for "Wear-Ever" articles by the plaintiff's advertising (pp. 450-457).

"For all of these reasons the plaintiff is entitled to a decree" (p. 450).

FRANCE MILLING CO. v. WASHBURN-CROSBY CO.

*France Milling Co. v. Washburn-Crosby Co.* District Court, S. D. N. Y., Winslow, J., 3 F. (2d) 321; Circuit Court of Appeals, Second Circuit, opinion by Judge Hough, 7 F. (2d) 304.

We will refer to the parties as "France" and "Washburn," following the terminology appearing in the opinion of the Court of Appeals. In the year 1904 France, a manufacturer of "pancake" and buckwheat flour, was awarded a gold medal for those products by the Louisiana Purchase Exposition at St. Louis, and thereupon, in the year 1904, adopted the words "Gold Medal" as a trade-mark for its pancake and buckwheat flours. France's pancake flour was a mixture of wheat and corn flours, leavened and seasoned, and his buckwheat flour was a mixture of wheat and buckwheat flours leavened and seasoned. France did not make or deal in wheat flour except as an ingredient of the products above described.

Washburn and his predecessors had used the words "Gold Medal" as a trade-mark for wheat flour since 1880 but had never made or dealt in any mixed flour under any name until the year 1924 when he commenced the manufacture and sale of prepared flours similar to those made and sold by France, and used the trade-mark "Gold Medal" thereon.

France had bought wheat flour from Washburn since the year 1912, the wheat flour so bought being used in the manufacture of his pancake and buckwheat flours. In ordering this wheat flour France conducted the correspondence "on paper prominently announcing its trade-

mark and the character of its products," as set forth in the statement of facts by the Court of Appeals.

France moved to enjoin Washburn from using "Gold Medal" on pancake flour and buckwheat flour. Washburn counterclaimed with a motion that France be enjoined from using the Gold Medal trade-mark on pancake flour and buckwheat flour. France's claim rested on his prior use of "Gold Medal" on the particular kind of flour, namely, pancake and buckwheat flour. Washburn's claim rested on his prior use of "Gold Medal" on wheat flour, and his contention that such prior use on "straight" wheat flour established his exclusive right as to all kinds of flour. The court decided against Washburn's claim upon the ground that he had acquiesced in France's use of the words "Gold Medal" during a long period during which he had sold wheat flour to France knowing that it was to be used in the manufacture of France's Gold Medal pancake and buckwheat flour, and on the further ground that the words "Gold Medal" were a "laudatory phrase" similar to the words "Blue Ribbon," and not in the same category with such arbitrary words as "Kodak," "Aunt Jemima" and "Budweiser," and therefore not affording a basis for broad protection. The court also found that the two commodities were different "as shown by the exhibition of business methods given by the affidavits." It is not possible to determine from the opinion what relative weight the court gave to the three grounds of its decision, namely, acquiescence, the character of the words "Gold Medal" and the character of the goods. Seemingly the acquiescence must have been considered sufficient in itself to support the decision as it could have no bearing at all otherwise, being a matter independent of the character of the words or goods and without influence on the relation thereof to the law. The character of the words and of

the goods taken together might well have contributed mutually to a decision that would not have been made for either of those reasons in the absence of the other. At all events it is quite obvious that the court's decision did not rest upon classification of merchandise as an arbitrary standard, as did the decision in the suit at bar. The law is well established in the Eighth, Seventh and Second Circuits (*ante*, pp. 147 to 152) that suggestive words which have been commonly used in trade will be accorded protection only for the particular goods upon which the party asserting a right of exclusion has actually used them. The words "Gold Medal," as found by the court, were of this character, and that finding alone was sufficient to support the decision arrived at, as was also the court's finding of acquiescence. The court, therefore, dismissed the counterclaim motion of Washburn that France be enjoined from continuing to mark his pancake and buckwheat flour with the words "Gold Medal," and enjoined Washburn from doing so.

In its opinion in the *France Milling v. Washburn* case the court expressly distinguished the facts there prevailing from facts of the kind that exist in the case at bar, the distinction being stated in the following sentence quoted from the opinion:

"In the present case Washburn has made known by advertising Gold Medal not a line of products, nor any product of a varied business, but one separate, well known commodity, pure wheat flour, and with that he must be content" (7 Fed. (2d), p. 306).

The court was quite evidently familiar with the practice of large business houses of dealing in numerous commodities, and took pains to guard against its decision being taken as authority for piratical inroads upon the rights of parties whose trade-marks have been applied to many different articles of commerce with the result of endowing them with a broad significance.

**The Statutory Phrases "Same Class" and "Same Descriptive Properties" as Interpreted by the Court of Appeals of the District of Columbia.**

The Court of Appeals of the District of Columbia has jurisdiction of appeals from the Commissioner of Patents in trade-mark interferences, oppositions and petitions for the cancellation of trade-mark registrations. This jurisdiction is conferred by the Trade-Mark Act of February 20, 1905, ch. 592 (33 Stat. L. 724), Sections 5, 6, 9 and 13 of which are quoted in Appendix G (App., p. 95). Section 5 defines the conditions necessary for registration. Section 6 provides for oppositions, Section 9 for appeals to the Court of Appeals of the District of Columbia, and Section 13 for petitions for cancellation of registrations. The statutory basis of the opposition and the petition for cancellation is injury to the opposing party or petitioner for cancellation (Sections 6 and 13), and Section 5 prohibits registration of a mark identical with a registered or known mark in use by another for goods "of the same descriptive properties," but, with certain enumerated exceptions, permits registration of any mark which will distinguish the registrant's goods from other goods "of the same class."

That the Court of Appeals reasons the cases appealed from the Commissioner of Patents largely in terms of classification and descriptive properties of the goods arises from the fact that the court's jurisdiction in these cases relates solely to the interpretation of the provisions of the statute. Where the adverse parties use the same trade-mark upon different goods the Court of Appeals looks to the statutory phrases "same class" and "same descriptive properties," and has decided that, whenever the use of the same trade-mark on different commodities will cause the public to believe that both commodities

are the product of the same party such commodities belong to the "same class" and are "of the same descriptive properties" within the meaning and intent of those expressions as used in the statute. This has the effect of preventing the registration of a trade-mark for use upon any commodity where the use of the mark on such commodity would deceive the public and result in misappropriation of the good-will of the business of another party who uses the same mark upon different goods. The Court of Appeals of the District of Columbia in the exercise of this limited appellate jurisdiction thus arrives at a result similar to that accomplished by other courts under their general equity power to enjoin misappropriation of the good-will of a business in cases where the parties deal in different commodities. The cases next referred to illustrate the course followed by the Court of Appeals of the District of Columbia in this regard.

*Oppenheim, Oberndorfer & Co., Inc. v. President Suspender Co.* (3 F. (2d) page 88):

In this case the President Suspender Company used the word "President" as a trade-mark for suspenders and opposed the registration by Oppenheim, Oberndorf & Co. of the same word as a trade-mark for underwear and shirts. The court sustained the opposition, saying:

"It may be said in general that, if goods are such that the purchasing public, seeing them sold under the same mark, will believe that they have the same commercial origin in point of manufacture or marketing, it follows that they will be regarded as of the same descriptive properties. *American Stove Co. v. Detroit Stove Works*, 31 App. D. C. 304; *N. Wolf & Sons v. Lord & Taylor*, 41 App. D. C. 514; *Williams v. Kern & Sons*, 47 App. D. C. 441; *In re Interrieden Canning Co.*, 277 F. 613, 51 App. D. C. 214; *E-Z. Waist Co. v. Reliance Mfg. Co.*, 286 F. 461, 52 App. D. C. 291."



*Anglo American Incandescent Light Co. v. The General Electric Co.* (43 App. D. C. 385):

In this case the General Electric Company used and had registered the word "Mazda" as a trade-mark for electric incandescent lamps and opposed the registration of the same word by the Anglo American Company as a trade-mark for incandescent gas mantles. In sustaining the opposition the court said:

"While, of course, no one of average intelligence would purchase a 'Mazda' gas mantle in the belief that it was a 'Mazda' electric lamp, the average person *would* believe that he was purchasing the product of the manufacturer of 'Mazda' lamps."

*Lord & Taylor v. Wolf & Son* (41 App. D. C. 514):

Lord & Taylor owned the trade-mark consisting of the word "Onyx" for hosiery and opposed the registration of the same trade-mark by Wolf & Son for underwear, *i. e.*, shirts, drawers and union suits. Here there was no possibility of confusion in the sense of mistaking one commodity for the other, for instance, of a purchaser buying a pair of socks with the idea that they were an undershirt, or to be worn like or substituted in use for an undershirt. The Court of Appeals sustained Lord & Taylor's opposition, saying:

"We think the word class, as used in the statute, means broadly a genus including as species any goods upon which the use of the same mark, when the goods are exposed side by side, would tend to mislead the purchasing public."

*Simplex Electric Heating Company v. The Ramey Company* (46 App. D. C. 400):

The Court of Appeals of the District of Columbia reversed the decision of the Commissioner of Patents permitting the Ramey Company to register the word

"Simplex" as a trade-mark for electric vacuum cleaners. The Simplex Electric Heating Company had made and sold many varieties of electrically heated cooking and other electrically heated utensils, but had never made or dealt in vacuum cleaners. The evidence showed that the Simplex Company had advertised its products for years at an expense of about two hundred thousand dollars per year with the result that it had become known throughout the United States to purchasers of electrical devices; and a number of people had been deceived, including prospective purchasers, a party desiring repairs and another party who wanted a sales agency. There was also proof tending to show that electrical dealers handle both electric heating devices and vacuum cleaners.

The court sustained the opposition of the Simplex Company, holding that the goods dealt in by the parties were of the same class. Upon this point the court said:

"There is some difficulty attending these questions of classification. A thing may not be the same and yet of the same general description and used for similar purposes. In this case the corporate name which is widely advertised for electrical goods caused persons to suppose that these cleaners were the product of the Simplex Company. With the enormous range afforded for the selection of trade-mark names, it is not unreasonable to suspect that this trade-mark was adopted for the purpose of obtaining the benefit of the wide advertising that had been done by the Simplex Company. In such a case the benefit of any doubt in regard to the classification should be given to the one who has used, developed and advertised the mark and given it trade value."

*Boston Rubber Shoe Co. v. Joseph Abramowitz* (47 App. D. C. 199):

In this case the Commissioner of Patents held that there was no conflict between parties using the same trade-mark on rubber shoes and on leather shoes, respectively. The court reversed the Commissioner of Patents, saying:

"The error into which the Patent Office has fallen is in a rigid adherence to the separate classification of rubber and leather goods. The particular subject-matter of this interference is whether or not the marks of the contending parties are so similar as to create confusion in trade when used on footwear generally or on particular grades of footwear."

*The Canton Culvert and Silo Co. v. Consolidated Car Heating Co.* (44 App. D. C., 491):

The court held that the trade-mark "Nokoro" for "electrical resistances, electrical apparatus," etc., conflicted with the trade-mark "No-Co-Ro" used in connection with the sale of sheet metal, which sheet metal was particularly adapted for use in the construction of electrical resistances. The court said:

"It is familiar doctrine in this court that the owner of a trade-mark will not be hampered in the legitimate extension of his business by the registration of his mark to another."

*Williams v. Kern* (47 App. D. C., 441):

The Court of Appeals in discussing the descriptive properties of self-rising pan-cake flour and ordinary wheat flour said:

"The test here is not in the likelihood of confusing the products, but the source from which they come."

*G. & J. Tire Co. v. G. & J. Motorcar Co.* (39 App. D. C. 508):

This case involved the question whether the same trade-mark (a triangle inclosing the letters "G. & J.") should be registered by the Patent Office to different parties for use upon rubber tires and automobiles. These are the same commodities that were before the Court of Appeals for the Third Circuit in the *Overland* case (*ante*, p. 206). In the *G. & J.* case no testimony was taken and there was no evidence of deception of the public or of injury to the complaining party. The court declined to base a finding of deception and confusion of the public and of injury to the complaining party on bare inference, and decided that both parties were entitled to registration of the "G. & J." trade-mark. In the *Overland* case there was evidence of deception of the public and of the probability of injury, and in that case the defendant was enjoined from using the word "Overland." There is no conflict between the two cases. In the absence of proof of confusion and injury in the *G. & J.* case there was no reason why both parties should not use the same trade-mark, and the presence of proof of confusion and injury in the *Overland* case made it illegal and improper for the defendant to use the same name as the plaintiff. It is conceivable that evidence might have been adduced in the *G. & J.* case showing confusion and injury as was done in the *Overland* case, but in the absence of such evidence the court quite naturally did not assume as proved that which was not proved, and more particularly so as the facts, if they existed, were easily provable.

**Principles Established by Previous Cases in Which Parties Dealt in Different Commodities, and Application of that Principle to the Instant Case.**

In some of the cases which we have reviewed, the name or symbol protected by the injunction had been used as the name, or part of the name, of the corporation or other organization through which the plaintiff's business was conducted, and in others the plaintiff had applied the name or symbol to the goods dealt in; and in some of the cases the defendant had used the misappropriated word in one of these ways and in the other way in other cases. But in all of the cases the controlling fact was that a name or symbol that had in some way become identified with one party's business or goods had been misappropriated and used deceptively in connection with another party's business or goods with the effect of wrongfully appropriating and injuring the good-will of the business rightly entitled to the use of the name or symbol. The right of the original user of the name or symbol is the same whether its association with his goods and business has arisen from use as a trade-mark applied to goods or use as the name of the organization conducting the business, and the invasion of the property right is the same whether the party who misappropriates the name or symbol uses it as a trade-mark applied to goods or as the name of the organization conducting the business or as both.

The cases discussed on pages 179 to 221, *ante*, present illustrations of these different uses of an identifying name by both the plaintiff and the defendant, and in all of them in which deception of the public and injury to the plaintiff was proved the fraudulent use of the misappropriated name was enjoined. Therefore we believe that all of the cases referred to are equally in

point in the consideration of the instant case, in which the appropriated word, "Beech-Nut," is both the dominant element of plaintiff's corporate name and also of plaintiff's trade-mark.

Judge Denison, in the Penslar case, based the injunction on the appropriation of and injury to good-will by the defendant's use of the word "Penslar" and by false representations of fact, and enjoined such use of that word and the continuance of such misrepresentations. He expressly refrained from basing his decision either upon infraction of trade-mark rights or upon the ground of unfair competition. Judge Denison saw no necessity of attempting to fit the definition of trade-mark rights or of unfair competition to the circumstances of the case. He perceived the fact that the defendant by using the word "Penslar" had invaded the plaintiff's property right in the good-will of its business and enjoined the continuance of the wrong. The wrong to property having been committed it was immaterial whether that wrong be called a violation of trade-mark rights, or an infraction of the law of unfair competition, or be given some other description or name. While not always so explicitly stated as in Judge Denison's opinion, the underlying principle is the same in the Aunt Jemima and Vogue cases, and in the English cases, and in the other cases cited herein. In some of these cases the subject-matter has been discussed as the appropriation of a corporate or firm name, in some as a violation of trade-mark rights, and in some as unfair competition. But in all of them the governing principle is the right to protection of the good-will of a business, and in all of them the ultimate effect of the injunction was to enjoin appropriation of and injury to the good-will of the plaintiff's business.

In the Vogue case the "V-Girl" trade-mark was used by both parties, and the word "Vogue" was the distinctive element in the corporate name of the Vogue Company, the plaintiff, and that of the Vogue Hat Company, intervenor, and the injunction prohibited the use of the "V-Girl" trade-mark and the use of the words "Vogue Hat" unless accompanied by a prominently displayed manufacturing name of which the word "Vogue" was not a part. In the Aunt Jemima case the words "Aunt Jemima" were the dominant element of the corporate name of the plaintiff, and the words and accompanying picture formed the trade-mark of both parties, but the defendant did not use the words "Aunt Jemima" as part of its corporate name. In this respect the facts were the same as in the instant case, where the word "Beech-Nut" is the dominant element of plaintiff's corporate name and its trade-mark, but is used by defendant only as a trade-mark. Judge Ward, who wrote the opinion in the Aunt Jemima case, did not find it necessary to, and did not, discuss the question whether the wrong committed by the defendant was unfair competition, or trade-mark infringement, or whether it fell within the literal definition of either of these offenses. From the fact that he did not discuss the point it fairly may be inferred that he thought it immaterial and found ample ground for the injunction in the proof of a continuing violation of property rights, and saw no necessity for an investigation regarding the name or classification of the wrong that had been committed. While Judge Ward stated that he did not think the English cases "apply to the appropriation of a trade-mark" he gives no reason for that view, and none is apparent from his analysis of the Aunt Jemima case or from the reasoning in any of the other cases.

In the English Eastman Photographic Materials Com-

pany case the word "Kodak" was used by both plaintiff and defendant as part of the name of a subsidiary company, and both applied the word "Kodak" to their goods. In the English Dunlop cases the proper name "Dunlop" was the dominant element of the name of the plaintiff company and an element in the names of the defendant companies, and the Dunlop Lubricant Company sold its oil in containers bearing the name "Dunlop Lubricant Company." The injunctions restrained the defendants from all of those uses of the name "Dunlop."

In the English case of *Walter v. Ashton*, the word "Times" was the name of plaintiff's newspaper, and the defendant used that word in the advertisement of his bicycles but not as the name of his business. In the English Premier Cycle Company case the word "Premier" was the distinguishing element in the names of both the plaintiff and defendant companies, but the word does not appear to have been used as a trade-mark by the defendant.

It seems incontrovertible that the owner of a business has the same right to protection of the good-will of his business against misappropriation by unauthorized use of the name under which the business is conducted as by unauthorized use of a trade-mark applied to the goods, and that his right to protection is the same whether the defendant uses the misappropriated name as a part of its corporate or firm name or as a trade-mark so long as the use results in misappropriation of good-will. The relevant point is that a name which the plaintiff has in some way identified with his business or goods has been misappropriated by the defendant and in some way applied to defendant's business or goods. We believe that all of the cases discussed upon pages 179 to 221, including the English cases, are authorities equally upon the



trade-mark aspect of the instant case and its relation to the law of unfair competition.

Where, as in the instant case and the Penslar and Aunt Jemima cases, the misappropriated word or symbol is arbitrary and the resulting misappropriation of and injury to the good-will of the plaintiff's business is proved, we believe that a complete foundation for an injunction has been laid, and that it is a mere matter of terminology, and not of substance, whether the wrong is classifiable as trade-mark infringement, or as unfair competition, or conforms to the literal definition of either of these offenses. Judges Denison and Ward viewed the matter in this light in the Penslar and Aunt Jemima cases. They each found a continuing wrong to a property right and enjoined it precisely as a court of equity does in other fields of litigation. No reason is apparent in cases involving the property right in the good-will of a business, any more than in cases involving any other property right, for ignoring an assault upon property because the wrong does not fall within the rigid and literal terms of a definition framed in former times to fit other circumstances.

We believe that there has been trade-mark infringement in the instant case for the simple, and seemingly quite sufficient, reason that plaintiff's trade-mark has been appropriated by defendant and damage done to plaintiff thereby. But, even if it be argued that this is not trade-mark infringement because plaintiff did not deal in tobacco and cigarettes, and was not unfair competition because there was no competition between the parties in the sale of tobacco and cigarettes, the fact remains that defendant has appropriated plaintiff's trade-mark and also the distinctive element of its corporate name, has appropriated and injured the good-will of plaintiff's business, has deceived the entire purchasing

public, has misrepresented the facts to stay plaintiff's hand, and has realized large profits at the expense of damage inflicted upon the good-will of plaintiff's business. The proof of the wrong is complete. The inadequacy of the remedy at law is apparent, and it is equally apparent that redress by injunction lies within the general equity powers of the court. Whether the terms "trade-mark infringement" or "unfair competition" are or are not apt descriptions of the wrong here complained of, the wrong exists, and is of the character which courts of equity have the power to redress.

**Use of Same Trade-Marks Upon Different Commodities by Several Persons, All Strangers to This Case, Not Relevant Here.**

Defendant has offered in evidence six large scrap books containing a collection of labels (Defendant's Exhibits Nos. 19 to 24,—physical exhibits, not printed,—described and put in evidence over plaintiff's objection, R. Vol. V, pp. 2508, 2517-2518) alleged to have been used upon tobacco and food products and other commodities.

There is absolutely no evidence in the case even remotely establishing the absence of conflict or protest arising from such use of these names. Furthermore, there is absolutely no evidence in the record of this case to show that in a single one of the many instances where the same name is alleged to have been used in different industries any of the parties using the names referred to had a reputation so widespread as to cause the public to believe that the different products were of the same origin.

The conditions indicated by defendant's collection of labels may be based upon agreement between the parties or may have caused wholesale conflict and litigation.

The record is silent on these points. These many labels have simply been offered in evidence by defendant without a shred of evidence connecting them in the remotest degree with any issue before the court in the instant case. This same sort of defense was advanced by defendant in the case of *Aluminum Cooking Utensil Co. v. Sargoy Bros. Co.* (276 Fed., p. 447), as stated in that part of the opinion of the court appearing at the bottom of page 448 of Volume 276 of the Federal Reporter. Although in the Sargoy case the defendant proved the use of the very trade-mark in issue, the word "Wear-Ever," by others upon several different commodities, the court gave no weight to this proof and issued its injunction against the defendant. In the instant case, the evidence offered by the defendant is even more remote than that in the Sargoy case in that the collection of names offered by defendant is made up of trade-mark words which do not figure in the instant case at all.

Defendant has also offered in evidence three bound volumes of copies of Patent Office trade-mark registrations of words other than "Beech-Nut" (Defendant's Exhibits Nos. 31, 32 and 33,—physical exhibits, not printed, offered in evidence over plaintiff's objection, R. Vol. V, pp. 2523, 2542), and a list of these registrations classified according to the word registered (Defendant's Exhibit No. 30—printed in Transcript, Vol. VI, pp. 2924-2940). Defendant argues that these Patent Office registrations of words not involved in this case are evidence of its right to use plaintiff's trade-mark. As a matter of fact, however, there is nothing in this record to establish any analogy whatever between the conditions existing in the matter of these Patent Office registrations and the conditions existing in the case at bar. There is not a particle of evidence in this case to indicate that a single one of the Patent Office registrations was granted

in the presence of proof that such registration would result in injury to or diversion of the good-will of another party using the same or a similar mark upon a different commodity. The case at bar is replete with proof of injury to and diversion of plaintiff's good-will. The Patent Office makes no effort to obtain evidence regarding the effect of the registration of the same or similar trade-marks for different commodities beyond publishing its intention to grant registration. If no opposition is made the Patent Office Examiner simply grants registration upon his own unaided judgment regarding the liability of a conflict of interest.

There is nothing in the record of the case at bar to show that controversy and litigation have not resulted in many or all of the cases in which the Patent Office granted the registrations referred to in defendant's exhibits. There is nothing in the record of this case to show that the parties to whom registry of the same or similar marks have been granted did not consent to such registration, or that certain of these parties are not the successors in interest of others and in legal effect identical with them, or that groups of such registrants are not under single ownership. Furthermore, all Patent Office trade-mark registrations are granted subject to cancellation as a result of a statutory proceeding provided for that purpose (Trade-Mark Act of February 20, 1905, Section 13, quoted in Appendix G, p. 97). There is nothing in the nature of a final adjudication of rights in the act of the Patent Office in registering a trade-mark, nothing here to show to what extent the registrations offered in evidence by defendant have been cancelled. In fact, a Patent Office registration is evidence of nothing other than the fact that some one claims a right to a certain trade-mark. No right is conferred by the registration and the registration itself is subject to cancellation.

In fact, registration is not evidence of any use of the mark registered beyond the very slight use required by the Patent Office as a foundation for registration.

In none of the instances of registration cited in defendant's exhibits above referred to does it appear that any one party has used and registered his trade-mark for use upon a wide variety of products and 'thereby extended the significance of his trade-mark to such wide bounds as to cause confusion in trade when the same mark is applied by others to different, even though quite similar, commodities. In the absence of such conditions there is no analogy between the isolated registrations cited by defendant and plaintiff's use and registration of the same trade-mark for more than seventy different products.

At the trial objection was made to the admission in evidence of Defendant's Exhibits Nos. 19, 20, 21, 22, 23, 24 (R. Vol. V, pp. 2507, 2509, 2517), and Defendant's Exhibits Nos. 30, 31, 32 and 33 (R. Vol. V, p. 2523). We believe that the total irrelevance of this testimony warrants its exclusion from consideration.

**The Weissinger Beechnut Trade-Mark Was Abandoned Prior to 1915 When the Lorillard Company Put Its Beech-Nut Tobacco on the Market.**

In most of the cases in which the question of abandonment has arisen the defendant has attacked the plaintiff's right to the disputed trade-mark on the ground that the plaintiff's conduct has worked an abandonment of the right which he attempts to assert against the defendant. In the suit at bar the posture of the parties is the reverse of this. Here the plaintiff charges abandonment of a trade-mark which is pleaded by defendant as a justification for using an essentially exact copy of plaintiff's trade-mark. Where a party uses

a trade-mark in his business, then, after temporarily suspending the business, again resumes the same business, and uses *the same trade-mark* in connection with it, there is a presumption that the good-will of the business has survived and that the original owner's rights in his trade-mark have not been abandoned and have not lapsed by disuse. But where, as in the suit at bar, the defendant who has used an essentially exact copy of plaintiff's trade-mark, attempts to justify such use by a representation of continuous use since an early date of a mark that, though different, bears a similar word—"Beechnut," and where it appears, contrary to the representation, that the trade-mark relied on had been out of use for such a period of time that it had been completely forgotten by the public, and where it appears furthermore that the defendant has transformed the old mark out of all resemblance to its original form, we believe that there is no ground for a presumption that the good-will of the old trade-mark survives and attaches to the transformed trade-mark, and that it has not been abandoned, but that there is compelling reason for the assumption that defendant knew that the old trade-mark had been abandoned and was forgotten by the public, and that the transformation of the trade-mark from its original form into an essentially exact copy of plaintiff's label was a recognition and admission of the fact of abandonment, and that the transformation was made for the purpose of repudiating any possibility of association with the old mark and substituting therefor a false impression of association with plaintiff's business.

The business to which the Weissinger Beechnut trade-mark was appurtenant was the manufacture and sale of a chewing tobacco mixture compounded according to a certain formula. It was not the trade-mark of the business of Harry Weissinger as an entirety, or of the busi-

ness of Lührman & Wilbern, successor to Weissinger, as an entirety, and it was never used by the Lorillard Company as a symbol of anything. There is nothing in this record to show or suggest that any of these companies ever had any trade-mark that symbolized or identified anything more than one particular product, such as a particular brand of cigars, cigarettes or tobacco. Now, if the Weissinger Beechnut brand of tobacco had been made and sold up to the time the Lorillard Company put its new tobacco mixture on the market, and the Lorillard Company had used on the new mixture the old Weissinger Beechnut trade-mark in the form in which it had previously been used, it might with some show of reason be contended that the change in the formula of the tobacco mixture worked no abandonment of the trade-mark right, but that the character of the product had simply been changed to keep pace with the times. But this is not what occurred.

As set forth in the statement of facts, the testimony shows that the manufacture of the Weissinger Beechnut tobacco by the Lührman & Wilbern Company, Weissinger's successor, ceased some time prior to the year 1909 (*ante*, p. 49); that the last sale of the tobacco was in April, 1910 (*ante*, p. 47); that the sales during the years immediately preceding 1910 were insignificant, negligibly small as a business enterprise (*ante*, p. 47); that the last price list containing an entry of the Weissinger Beechnut brand was issued by the Lührman & Wilbern Company not later than 1910 (*ante*, p. 49); that the sales of the Weissinger Beechnut brand ceased in 1910 because there was no demand for it (Boykin, Q. 10, R. Vol. IV, p. 2305); and that in the year 1915 when the Lorillard Company first put on the market its "Beech-Nut" scrap tobacco bearing a copy of the Beech-Nut Packing Company's Beech-Nut trade-mark no

ultimate consumer is shown to have even remembered that such a brand as the Weissinger Beechnut tobacco had ever existed (*ante*, p. 54). In November, 1911, the stock of the Luhrman & Wilbern Company was, by order of court, transferred to the newly organized P. Lorillard Company (*ante*, p. 46). In 1913 the P. Lorillard Company, as sole stockholder of the Luhrman & Wilbern Company, assigned to itself the assets of the Luhrman & Wilbern Company (*ante*, p. 46).

At this point there arises the preliminary question whether this 1913 assignment conveyed the Weissinger Beechnut trade-mark. At the time of the assignment there was no business in the Weissinger Beechnut tobacco. None had been sold since April, 1910 (*ante*, p. 47), for the reason that there was no demand for it (R. Vol. IV, p. 2305, Q. 10). None had been manufactured since some undetermined date prior to the year 1909 (*ante*, p. 49). There is nothing to show that in 1913 the good-will of the Weissinger Beechnut brand still existed, or that anyone outside of a few veterans of the tobacco trade (*ante*, p. 54) even remembered that there ever had been such a brand. The preponderance of evidence indicates that the good-will and even the public's memory of the Weissinger Beechnut tobacco business had expired prior to 1913, and there can be no question that there is an absolute lack of any evidence tending to the contrary conclusion. The assignment of the assets of the Luhrman & Wilbern Company to the Lorillard Company in 1913 was in general terms, simply a transfer of all its assets including good-will and all trade-marks (R. Vol. IV, p. 2252). It is elementary that a general assignment does not convey specific property unless the ownership of the property by the assignor at the time of the assignment is shown. Here it is not even shown that the property was in existence at the time of the assignment.



But even if, for the purpose of argument, we assume that which is not shown by the record, namely, that the good-will of the Weissinger Beechnut brand survived until 1913, and that Luhrman & Wilbern had retained ownership of it up to the time of the 1913 assignment, we are confronted with the fact that the Weissinger Beechnut tobacco business has never been resumed to this day, for the simple reason that the Weissinger Beechnut tobacco was never again manufactured and that the "Beech-Nut" labels since used have been so exact a copy of the Beech-Nut Packing Company's trade-mark that they were universally understood by the public to indicate products of the Beech-Nut Packing Company, and in not a single instance as conveying to any ultimate consumer even the remotest suggestion of any connection with the Weissinger Beechnut tobacco business.

The officers of the Lorillard Company never had any idea that in putting on the market their Beech-Nut scrap tobacco in 1915 they were reviving and continuing the old Weissinger Beechnut tobacco business. They do not so testify. They do not even mention the good-will of the Weissinger Beechnut tobacco business, or make the slightest reference to the possibility of the reputation of that business having survived until 1915, or express or suggest the slightest concern as to whether it had survived or not. All of the circumstances repudiate the idea that the good-will of the Weissinger Beechnut business had not expired long before the year 1915, and show, on the contrary, that the officers of the Lorillard Company wanted for their new tobacco mixture a trade-mark word that would not be associated with any old brand of tobacco, and for that reason eliminated from the Weissinger Beechnut label everything that would suggest any connection with the Weissinger Beechnut tobacco business, retaining only the word "Beechnut," and that word

changed to "Beech-Nut" and framed in an essentially exact copy of the Beech-Nut Packing Company's trade-mark. It is perfectly plain that it was the Lorillard Company's intent to leave the Weissinger Beechnut flag in obscurity and to hoist the Beech-Nut Packing Company's flag.

When the Lorillard Company was preparing to put its new scrap tobacco on the market in 1915 Mr. Ball looked about for a trade-mark word that would draw trade. He knew the word "Beech-Nut" was such a word, not because the word "Beechnut" had once been used on a brand of tobacco that had become so unpopular that tobacco users would no longer buy it, but because the Beech-Nut Packing Company had made it a household word from one end of the country to the other, and for this reason Mr. Ball used the word "Beech-Nut"—not "Beechnut"—and used it not as a part of the old Weissinger trade-mark, but as part of an essentially exact copy of the Beech-Nut Packing Company's trade-mark. Mr. Ball's own testimony shows his desire, and the effective means he adopted, to repudiate any connection between the Lorillard Beech-Nut scrap tobacco and the old Weissinger Beechnut business.

As set forth in the Statement of the Case (*ante*, p. 51), when the Lorillard Company became alarmed by the decreasing sales of their old brands of chewing tobacco it decided to put a new brand on the market. As stated by Mr. Ball:

"So we decided to put out another brand, and in looking around for a brand, as is our usual custom, I referred to our list of brands to see what were in a way dormant, and that had been turned over to us as our property by the American Tobacco Company, and one of the first brands I noticed was the brand of Beech-Nut, and that seemed to me to be a very appropriate name for this article and we de-

cided to use this brand for that purpose.” (R. Vol. V, p. 2558, and *ante*, p. 51.)

The list of brands referred to by Mr. Ball is Defendant's Exhibit No. 35. It is reproduced at pages 2942 to 2955, inclusive, of Volume VI of the Record. This list as printed in the record covers fourteen pages, two columns to the page, and includes over one thousand names of tobacco products that had been on the market at one time or another prior to the dissolution of the old American Tobacco Company in 1911. Mr. Ball stated (R. Vol. V, pp. 2576-77) that the Lorillard Company has about fifty tobacco brands on the market, and Mr. Belt put the number at “50-75-80, extreme aggregate, taking everything that exists” (R. Vol. V, p. 2620). Therefore, of the thousand brands on the list referred to by Mr. Ball, over nine hundred are not on the market, and the immense growth of the Lorillard business since 1915 shown by Mr. Ball's testimony at pages 2570 to 2573 of Volume V of the Record, indicates with practical certainty that these nine hundred brands have not disappeared from the market since 1915, but that all or most of them were dead in 1915, and probably most of them equally dead in 1911 when the Lorillard Company received the assets of the companies that once had manufactured them. The list itself was not included in the decree of court dissolving the old American Tobacco Company, and formed no part of any of the papers of transfer. It is a memorandum prepared by Mr. William R. Perkins, one of the counsel of the Lorillard Company in 1911. He testified (R. Vol. V, pp. 2537-38) that he included in the list all of the brand names appearing in the papers and books of the companies assigned to the Lorillard Company by the 1911 decree of dissolution. Among the sources of the trade-marks in the list he names the conveyances which he found in the files of these companies and their price lists and brand books,

these latter being books in which lists of brands were kept. Mr. Perkins did not remember omitting from the list any brand name that he found in the records mentioned. Mr. Perkins listed over six hundred of these alleged trade-marks as coming from the Federal Cigar Company (R. Vol. VI, pp. 2948-55), over fifty from the Duke's Mixture Department of the American Tobacco Company (R. Vol. VI, p. 2947), eight brands from the Luhrman & Wilbern Company (R. Vol. VI, p. 2945), several hundred from the old P. Lorillard Company which had been part of the combination that was dissolved in 1911, these latter including the S. Anargyros Turkish cigarette brands, and others whose origin does not appear further than that they were mentioned in the files of the old Lorillard Company.

Neither Mr. Ball nor Mr. Belt testified to any survival of the good-will of the Weissinger Beechnut brand of scrap tobacco. They did not testify that they had any idea that the business in the Lorillard Beech-Nut tobacco had any relation to the former business of Luhrman & Wilbern in the Weissinger Beechnut tobacco or that they were in any sense continuous. The only testimony relating even remotely to this point is that of Mr. Ball, who said that he referred to this list to find an appropriate name that had been used in connection with some brand of tobacco that was "dormant." It is merely a theory of the Lorillard counsel that the Lorillard Beech-Nut tobacco is a continuation of the trade in the Weissinger Beechnut tobacco, and it is a theory that is flatly contradicted by the surrounding circumstances and the motives and purpose of the Lorillard Company in putting its Beech-Nut tobacco on the market. As stated by Mr. Ball (*ante*, p. 51), the purpose of the Lorillard Company in putting a new brand of tobacco on the market in 1915 was the necessity of offering a sweeter and differently

flavored chewing tobacco to tobacco users who had ceased to buy the old brands. The Weissinger Beechnut tobacco was one of these old brands which tobacco users had stopped buying in 1910. The ordinary motives that govern human conduct, in this instance the desire to sell tobacco and make money, make it certain that the Lorillard Company did not want to put its new tobacco on the market under a trade-mark that would cause the public to believe that it was one of the old and unpopular brands which the public had tired of and refused to buy. The purpose was to introduce a new brand and to make it known to the public that it was new, and thereby obtain the trade of tobacco users who refused to buy the old brands. Hence it was necessary to adopt a trade-mark that the public would not associate with any of the old brands. That is why Mr. Ball examined the list of trade-mark words to find one that was, as he says, "dormant," and why he eliminated from the Weissinger Beechnut label the names of the Harry Weissinger Tobacco Company and the Luhrman & Wilbern Company, eliminated the squirrel which was its dominating feature, and suppressed every element of the label except the one element that could be utilized in making a copy of the Beech-Nut Packing Company's Beech-Nut trade-mark, namely, the word "Beechnut," which word he transformed into "Beech-Nut," thus neglecting no conceivable precaution to submerge the identity of the Harry Weissinger Beechnut business and to substitute therefor the identity of the Beech-Nut Packing Company.

The only theory upon which the Lorillard Beech-Nut tobacco business can be considered a continuation of the Weissinger Beechnut business would equally well have made the present Lorillard scrap tobacco business a continuation of any other of the thousand businesses the trade-mark of which might have been selected by the

Lorillard Company from Mr. Perkins' list. The Lorillard theory is that the preservation of a vast vocabulary of extinct and forgotten trade-mark words preserves the company's right to the exclusive use of those words as trade-marks, and that if, while these unused trade-mark words are lying "dormant," some word on the list becomes a valuable and widely known symbol of merchandise of high quality by reason of the efforts and expensive advertising of another party, then the Lorillard Company has the right to use that word for the purpose and with the effect of appropriating the good-will and reputation of the other party, and that the existence of this word in a list along with a thousand other words justifies the appropriation of the other party's reputation and good-will.

That Mr. Ball and the Lorillard Company had not the remotest idea of continuing the business in the Weissinger Beechnut tobacco, or of utilizing and perpetuating the reputation and good-will of that business, is emphasized by the meticulous care with which the Lorillard Company preserved the identity of the labels of tobacco brands which it acquired by purchase and intended to continue to deal in.

In the Statement of the Case at pages 61 to 73, *ante*, we have presented specimens and reproductions of the labels of tobacco brands that had been owned by the Lührman & Wilbern Company (*ante*, p. 58), the assets of which company were acquired by the Lorillard Company upon the dissolution of the old American Tobacco Company and specimens or reproductions of the labels of the same brands as used by the Lorillard Company. Of the seven brands claimed to have been acquired by the Lorillard Company from Lührman & Wilbern, six (Scrap Iron, Polar Bear, Old Nut, Honest, Bag Pipe and Natural Leaf scrap tobaccos) were active brands which were be-

ing made and sold at the time of the transfer to the Lorillard Company (*ante*, pp. 58-59) and the Lorillard Company continued to use upon these six brands precisely the same labels that had previously been used by Luhrman & Wilbern as shown by the specimens and reproductions at pages 61 to 71, *ante*. Contrasting with this is the transformation wrought in the label of the seventh, Weissinger Beechnut, as shown by the specimens on page 73, *ante*, where also there are mounted some specimens of the Beech-Nut Packing Company's Beech-Nut labels for comparison with the Lorillard Beech-Nut labels.

Mr. Ball, in his testimony, repeatedly referred to the danger to business involved in making even the most insignificant change in the label. He said that "In the change of anything on a live brand, you frequently take a chance of prejudicing the consumer" (R. Vol. V, p. 2578), and then he continued in the same part of his testimony to relate how the omission from the Duke's Mixture package of so small an element as a little letter "G" in a circle no larger than a pea had caused a falling off of business on account of the belief of many people that it was not the same tobacco (R. Vol. V, p. 2578). Mr. Ball also expressed himself on this point as follows:

"I mentioned that as an instance where we were always very careful not to change a package. We have some packages today that are big sellers, and as long as they sell, we jealously try to keep them identical with what they have been." (R. Vol. V, p. 2579.)

In view of this testimony, the complete transformation effected in the Weissinger Beechnut label can only be taken as an expression of the Lorillard Company's intention to abandon and repudiate all connection or association with the old brand and the Weissinger business. Mr. Ball in his testimony even referred

explicitly to the presence of the name of the Harry Weissinger Tobacco Company on the Weissinger Beechnut label as one of his specific reasons for changing the design of the label. He was asked (R. Vol. V, p. 2559) how he "came to adopt this form of package," the question referring to the Lorillard Beech-Nut scrap tobacco package. He says in his answer (R. Vol. V, pages 2559-2560), referring to the old Weissinger Beechnut package:

" . . . this package was out of date; in the first place, it had too much reading matter on it. . . . It had the name of the Harry Weissinger Tobacco Company that had long since gone out of business. . . ."

So the Lorillard Company eliminated the name of the Harry Weissinger Tobacco Company and also the name of the Luhrman & Wilbern Company. These names had formed a quite conspicuous feature of the Weissinger Beechnut labels (specimen of the label at page 73, *ante*), vastly more conspicuous both in significance and as an element of the design than a small letter "G" in a circle no larger than a pea. The elimination of these names and the identifying squirrel, together with the complete transformation of all the rest of the label into an essentially exact copy of the Beech-Nut Packing Company's Beech-Nut label are as clear and loud an expression of the intent of the Lorillard Company to abandon the trade-mark of the Weissinger Beechnut tobacco business as an express declaration in words could be. Aside from an express declaration of abandonment, hardly to be expected of an opponent in a contested case, we would have difficulty in imagining a more explicit declaration of intention to abandon a trade-mark than that made by the Lorillard Company in the suit at bar.

A clear statement of the principle that a trade-mark

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cannot outlive the good-will of the business which it had previously symbolized appears in the opinion of Judge Showalter, Circuit Judge, in *Royal Baking Powder Company v. Raymond*, 70 Fed. 376. In that case the right of the plaintiff, Royal Baking Powder Company, rested on continuous use of the word "Royal" as a trade-mark for baking powder since about the year 1873. Defendant, Raymond, started a baking powder business in 1894, using the trade-mark "Royal London," but with the "Royal" more conspicuous than the "London," and he claimed the right to do so by reason of his succession to the ownership of a business which had failed in 1871, but which previous to that time had included as one of its branches the manufacture and sale of baking powder under the trade-name "Royal London." From 1871 to 1894 defendant had not made or sold any baking powder. The period of non-use of the trade-mark was longer than in the instant case and the products dealt in by the parties were the same, but the principle that a trade-mark right cannot outlive the good-will of the business to which it had been attached has the same application to both cases. In his opinion in the Royal Baking Powder case Judge Showalter said:

"I can conceive such a stoppage of business by accident or design, even for a series of years, where the good-will, including the trade-marks, may still be found extant; that is to say, valuable, upon resumption. But when it is not shown in some satisfactory way that the trade reputation of a suspended business continues to have value,—can be exchanged or sold, for instance, for a price,—a court cannot say that a good-will remains; in other words, that there still attaches to the old proprietor any dominion over, or property right in, a mark which may once have had, but which no longer has, significance for him in the world of trade.

"In the case of this defendant, even upon his own showing, it cannot be said that the good-will of the

old business, which ceased in 1871, attaches to the new business, started in 1894. There is no continuity between the old and the new. The good-will of the old business, whatever such good-will may have amounted to, became extinct years ago. The word 'Royal,' or the words 'Royal London,' had no function, when defendant recommenced the baking powder business, as identifying a baking powder made by him. Any other sign or word would have answered his purpose to the same extent. The bare intent to use or adopt a word as a trade-mark signifies nothing, and confers no right, in the absence of the actual use of such mark as a trade-mark. The intent by defendant from 1871 to 1894, if he had such intent, of resuming the use of the word 'Royal' as a mark for baking powder, amounts to nothing in the way of keeping alive the function which we may assume once attached to that word as identifying a baking powder made by him. On the theory that he once had a right in the word 'Royal' as a trade-mark, his attitude with respect to that word in February, 1894, was the same as that of a stranger who then for the first time took up the baking powder business. By reason of the essential nature of a trade-mark I should say that this defendant has not the 'better right,' as insisted in his answer." (70 Fed., pp. 380, 381.)

The foregoing applies to the facts in the suit at bar with even greater force than to the facts in the Baking Powder case. Here, in addition to the disuse of the trade-mark, there is conduct—the changes in the label and copying of the Beech-Nut Packing Company's trade-mark—that affirmatively shows the intention to abandon.

It is settled law that a trade-mark cannot be assigned separate and apart from the good-will of a business with which it has been associated. Though the Weissinger Beechnut tobacco business had ceased long before 1913, and though there is no proof or indication of the survival of the good-will of that business in 1913, the Lorillard Company contends not only that it took a good assignment of the rights previously possessed by the

Luhrman & Wilbern Company in the Weissinger Beechnut trade-mark, but that, by virtue of the assignment, it derived rights which the Luhrman & Wilbern Company would not have had if it had retained ownership of and continuously used the Weissinger Beechnut mark. The rightful owner of a trade-mark has no right to so change its appearance that it is no longer recognizable by the public as his trade-mark but is substantially identical with another party's trade-mark. We believe that, inasmuch as the business in the Weissinger Beechnut tobacco ceased in 1910, and has never been resumed, the 1913 assignment was ineffective to convey to the Lorillard Company the Weissinger Beechnut trade-mark, and that even a good conveyance of that trade-mark to the Lorillard Company would not justify its metamorphosis into another party's trade-mark.

In the Patent Office opposition proceeding (referred to *ante*, pp. 41 to 44) the Lorillard Company contended, as in this suit, that its use of the Beech-Nut trade-mark was a continuation of the use of the Weissinger Beechnut trademark, and that its title extended back to the Weissinger Company's date of adoption of the mark, 1898. The Patent Office Examiner of Interferences stated his conclusions on this point as follows:

“What seems to the examiner of more significance is the character of the label found on opposer's Exhibit No. 16 [1915 Lorillard Beech-Nut Scrap tobacco package] when considered in connection with opposer's Exhibit No. 17 [the Weissinger 'Beechnut' tobacco package]. Considering the great care which is exercised by traders generally to keep intact the dress and style of the label for the purpose of preserving any good-will that may be symbolized thereby, the difference between the label found on Exhibits 16 and 17 seems highly significant. . . . If the originator of the label shown on opposer's Exhibit No. 16 was aware at the time of its adoption in 1915

of the label found on opposer's Exhibit No. 17, Exhibit No. 16 is mute testimony that its originator deemed the good-will that was at one time symbolized by opposer's Exhibit No. 17 to have in 1915 little or no value. The further circumstance that the opposer carefully preserved the dress of other brands which it had acquired from its predecessors tends to emphasize this significance of Exhibit No. 16. (See Beech-Nut Cross-Exhibits 1, 1a, 2, 2a, 2b, 2c, 2d, 3 and 4 in connection with the deposition of Bowman, a witness for the opposer.)

"It seems to the examiner that in February, 1915, the trade-mark right evidenced by opposer's Exhibit No. 17 was not merely sleeping but actually dead and abandoned. The circumstances of this case resemble those found in the case of *Levering Coffee Company v. Merchants Coffee Company*, 181 O. G. 1075; 1912 C. D., 547; 39 App. D. C., 151. In view of conclusion just referred to, whatever rights the opposer may have to use the word 'BEECHNUT,' it is believed, must be predicated on its use which was commenced in February, 1915." (R. Vol. VI, p. 2821.)

In *Levering Coffee Company v. Merchants Coffee Company*, 39 App. D. C. 151, referred to by the Patent Office Examiner of Interferences in the foregoing quotation, the parties were involved in the Patent Office in an interference, the issue being the right to use the word "Hygeia" as a trade-mark for coffee. The Merchants Company adopted the word "Hygeia" as a trade-mark in 1898 and used it continuously thereafter. The Levering Coffee Company in 1881 and thereafter made shipments of coffee contained in packages bearing the word "Hygeia." Eugene Levering, Jr., succeeded to the business of the firm on November 30, 1900. Before the books of the firm were produced he testified to continuous use by the firm of the trade-mark "Hygeia" for coffee down to the time he succeeded to the business. The books disproved this testimony. The books showed that for two or three years prior to 1897 the sales of the Hygeia brand of coffee were infrequent and inconsequential, and

that from 1897 to 1902 there was a complete non-user of the Hygeia trade-mark. Beginning in 1898 the Levering Company put a new brand of coffee, called "Hioja" on the market. The final decision in this case was by the Court of Appeals of the District of Columbia on appeal from the Patent Office. The following is quoted from the court's opinion:

" . . . the gradual falling off of sales under that brand, the final complete cessation of those sales under the circumstances mentioned, the adoption soon after of the similar mark 'Hioja,' the period of time which elapsed before the old mark was again used, the fact that the new use was not begun until several years after a rival concern, in the same city, had established a good business under that mark, the failure to call available members of the old firm to explain away the inference naturally resulting from the acts and circumstances detailed, all lead to the conclusion that when, in 1897, appellant's predecessors discontinued the use of this mark they did so with the intent to abandon it. . . . It is not unlikely, in our view, that the revival of the use of this mark by appellant was the result of its successful use by appellee, rather than the result of the intent of the predecessors of appellant not to abandon it."

The District Court, referring to the continuity of the Lorillard Beech-Nut tobacco business and the Weissinger Beechnut business and to the differences between the labels, said:

"The old formula was not to be dealt in any longer and it seems to us that the change in the formula justified a change in the decorative feature of the package which was to contain this new blend or mixture." (R. Vol. V, p. 2675.)

The foregoing statement that one is justified in applying a new label to a new product is quite true, but by no logical process does it establish the proposition that the use of the new label is lawful and right despite the fact

that it has been divested of any resemblance to the old label and made essentially identical with another party's trade-mark. The Court of Appeals based its opinion solely upon its classification of chewing gum and the other products of the Beech-Nut Company as foods, and its ruling that the Beech-Nut Company's rights do not extend to anything other than foods, and gave no weight to the Lorillard Company's claim that its present use of the Beech-Nut trade-mark is a continuation of the Harry Weissinger tobacco business and trade-mark.

We contend that the application of the law to the facts of this case results in the following conclusions:

1. That the Weissinger Beechnut trade-mark was abandoned by the Luhrman & Wilbern Company in 1910 by reason of the fact that the Weissinger Beechnut tobacco was never offered for sale after that year and the fact that the Weissinger Beechnut trade-mark has never been used since that year by either the Luhrman & Wilbern Company or the Lorillard Company.

2. That the Lorillard Company took no title to the Weissinger Beechnut trade-mark by the assignment of 1913 by reason of the fact that the evidence shows that the Weissinger Beechnut tobacco business went out of existence in the year 1910 and was never resumed, and the fact that the evidence fails to show that the goodwill of that business continued to exist until the year 1913, but indicates the contrary, in that the admitted reason for discontinuing the business in 1910 was the fact that there was no demand on the part of the public for the Weissinger Beechnut tobacco.

3. That even if it be assumed that the Lorillard Company obtained ownership of the Weissinger Beechnut trade-mark in 1913, it abandoned that trade-mark by failure ever to use it on any product, thereby causing and permitting the goodwill and the trade-mark to expire and pass from the knowledge and memory of the public.

4. That even if it be assumed, as in the next preceding proposition, that the Lorillard Company obtained ownership of the Weissinger Beechnut trade-mark in 1913, it abandoned that trade-mark not only by disuse and permitting it to be forgotten by the public, but also abandoned it by using the word "Beech-Nut" as a part of an essentially exact copy of the Beech-Nut Packing Company's Beech-Nut trade-mark, thereby repudiating and disclaiming any connection between the word "Beechnut" or "Beech-Nut" and the Weissinger trade-mark and business, and representing its significance as a symbol of the origin of merchandise to reside solely in its use as a part of the Beech-Nut Packing Company's trade-mark.

5. That even if it be assumed that the Lorillard Company had in 1915 the right to use the word "Beechnut" in a proper way as a trade-mark for tobacco, the deceptive use which it has made of the word "Beech-Nut" as part of an essentially exact copy of the Beech-Nut Packing Company's trade-mark has impressed upon the public the belief that the word "Beech-Nut" upon tobacco products signifies that such products are produced or dealt in by the Beech-Nut Packing Company, and that the Lorillard Company has thereby forfeited any right or claim of right to use the word "Beechnut" or "Beech-Nut" in any form or design as a trade-mark for any tobacco product.

**Alleged Acquiescence of the Beech-Nut Company in the Lorillard Company's Use of the Beech-Nut Trade-Mark Was Temporary Inaction of the Beech-Nut Company Induced by the Lorillard Company's Misrepresentation of the Facts.**

In Part II of the Statement of the Case (*ante*, p. 26) we have set forth the facts which establish beyond question that the Lorillard Company silenced the Beech-Nut Company's protest against appropriation of its trade-mark by representing, contrary to the fact, that the Lorillard Company and its predecessors had used the word "Beechnut" as a trade-mark for tobacco continuously since the year 1898. The Beech-Nut Company not only protested against the misappropriation of its trade-mark, but also informed the Lorillard Company of its certain knowledge that the public was deceived by the Lorillard Company's use of the Beech-Nut trade-mark (letter dated "7/2/15," R. Vol. VI, p. 2892), gave the Lorillard Company the name and address of a dealer who had written to the Beech-Nut Company asking for the "best jobbing price on Beech-Nut scrap tobacco" (letter dated "9/2/15," R. Vol. VI, p. 2896), and the name of another dealer who had written to the Beech-Nut Company ordering five cases of Beech-Nut scrap tobacco (letter dated "9/20/15," R. Vol. VI, p. 2901). It would involve a violent strain of credulity to believe that the Lorillard Company did not intend the deception caused by its use of the Beech-Nut Packing Company's trade-mark even in the absence of specific proof of knowledge of the deception (*ante*, pp. 156, 157), but these letters, written at the very start of the Lorillard Beech-Nut tobacco business make it impossible to doubt that the Lorillard Company had full knowledge of the deception from the start and intended to utilize it.



That the misrepresentation made by the Lorillard Company was deliberate and intentional is shown not only by the fact that it was made in answer to the Beech-Nut Company's protest and for the purpose of inducing the Beech-Nut Company to believe that its protest was groundless, but the deliberate and studied character of the misrepresentation is further shown by the fact that the Lorillard Company's representative stated that the Lorillard Company and its predecessor had continuously used the Weissinger Beechnut trade-mark since 1898 "*as shown by records in my office*" (*ante*, p. 27; R. Vol. VI, pp. 2893-94). This left no possibility of questioning the accuracy of the statement other than on the ground that it was a flat and deliberate falsehood. When the representative of a large business says that the records of the business show continuous use of a certain trade-mark for a specified period of time there can be no appeal among honorable men from the accuracy and finality of the statement.

As a matter of fact, the records referred to show the precise opposite of continuous use, namely, that there was a complete discontinuance of such use from and after the year 1910 (*ante*, p. 47). The representative of the Lorillard Company either said that continuous use was shown by the records without ever looking at the records, or he examined the records and then told the Beech-Nut Company that they showed the precise opposite of what they did show. There was not even a remote possibility of accident in this reference to the records. The representative of the Lorillard Company knew whether he had examined the records or not, and if he had examined them he knew whether they showed continuous use of the Weissinger Beechnut trade-mark or not.

The Beech-Nut Company had no means of ascertaining

the facts other than from what the Lorillard Company said, and the Beech-Nut Company had no reason to doubt or entertain the slightest suspicion of the accuracy and truthfulness of what the Lorillard Company said. In a country of the size of the United States in which there is no universal registry of trade-marks it would be impossible to establish the negative proposition that a certain trade-mark had not been in continuous use from 1898 to 1915. The truth of the matter was known to the Lorillard Company, and there was not the remotest reason why the Beech-Nut Company should not believe, as it did, what the Lorillard Company said.

In the Statement of the Case (*ante*, pp. 29 to 31), we have stated the facts showing that in the year 1898 both the business of the Harry Weissinger Tobacco Company, at Louisville, Kentucky, and that of the Beech-Nut Packing Company, at Canajoharie, New York, were being conducted on a small scale, with not the slightest indication, or probability, that they were anywhere being conducted in the same territory, or that either of them was sufficiently known to the public either by reason of the size of its business or the character and variety of its products, to lead the public to associate new products bearing the word "Beechnut" or "Beech-Nut" with either of them. If the Harry Weissinger tobacco business had been continued from 1898 to 1915, and if the original Weissinger Beechnut trade-mark had been continuously used in that business from 1898 to 1915, the Beech-Nut Packing Company would have had no legal ground for objecting to the continued use of the word "Beech-Nut" by the Lorillard Company as a trade-mark for tobacco. But contrary to the representation made by the Lorillard Company, the use of the Weissinger Beechnut trade-mark had not been continuous since 1898, its use ceased absolutely and for all time in 1910.

It is true that the Beech-Nut Company might, in 1915, have brought suit against the use by the Lorillard Company of a copy of its entire trade-mark, but the Lorillard Company's representation that its right to use a trade-mark of which the characteristic feature was the word "Beechnut" was a representation that it would be impossible for the Beech-Nut Packing Company to prevent the Lorillard Company from using that word as the dominating element of a trade-mark. The word "Beechnut" or "Beech-Nut" is the element of controlling importance. As a spoken word, as the spoken name of a product, distinctions in the manner of printing or the design of the label are of no effect in preventing confusion, and the appearance of the same word, even on labels of different design, would cause confusion, though quite probably not to as great an extent as that caused by the use of the word as part of a copy of the Beech-Nut Packing Company's entire trade-mark. But the apparent impossibility of enjoining the greater cause of conflict, the use of the word "Beech-Nut," caused the Beech-Nut Company to suspend its protest rather than become involved in litigation that at best could result in only a relatively small advantage.

Acquiescence may properly be ascribed to the Beech-Nut Packing Company to the extent of interpreting its conduct as equivalent to taking the position that if the Lorillard Company had the right to use the word "Beechnut" or "Beech-Nut," then the Beech-Nut Company did not think it would be good business to become involved in litigation for the purpose of attempting to enjoin the Lorillard Company from using that word in a particular design of label, namely a design imitative of that used by the Beech-Nut Company. The Lorillard plea of acquiescence therefore amounts to asserting that, so long as it did not misrepresent all of the facts, *i. e.*, did not

represent that the Weissinger label was precisely like the Lorillard Beech-Nut label, it had a perfect legal right to misrepresent enough of the facts to accomplish the intended purpose of causing the Beech-Nut Company to suspend assertion of its rights. Upon this thread of fallacy hangs the Lorillard Company's charge of acquiescence in its fraudulent use of the Beech-Nut trade-mark.

In Part IV of the Statement of the Case, at pages 90-91, *ante*, we refer to the evidence of many specific instances in which orders for Beech-Nut tobacco were addressed to the Beech-Nut Packing Company. Mr. Lipe, who was vice-president and general manager of the Beech-Nut Company at the time he testified, told about an old stockholder of the Beech-Nut Company who, during the month preceding the time Mr. Lipe testified, which was in August, 1920, wrote to the Beech-Nut Company ordering a shipment of Beech-Nut tobacco. During the five years that had passed since the Lorillard Company put its Beech-Nut tobacco on the market this stockholder had all the time assumed that it was a product of the company in which he owned stock (R. Vol. IV, p. 2174, X-Q. 129). That many such orders were received and that they were forwarded, or the parties sending the orders were referred, to the Lorillard Company appears from the testimony of Mr. Lipe (R. Vol. IV, p. 2174, X-Q. 130), Mr. W. C. Arkell, assistant secretary of the Beech-Nut Company (R. Vol. IV, p. 2188, Q. 3, *et seq.*, and p. 2192, X-Q. 26) and Mr. Francis E. Barbour, vice-president of the Beech-Nut Company (R. Vol. I, pp. 794, 795, X-Qs. 76, 77). But the forwarding of these orders to the Lorillard Company is evidence only of the fact that the parties who sent the orders were deceived by the Lorillard Company's use of the Beech-Nut trade-mark, and that the Beech-Nut Company had been deceived by the false representation made by the Lorillard Company.

While the mere suspension of the Beech-Nut Company's protest constituted definite assurance to the Lorillard Company that its misrepresentation had had the desired effect, the continued forwarding of orders for tobacco by the Beech-Nut Company to the Lorillard Company during the following years must have acted to further relieve the Lorillard Company of any uneasiness on the subject. As set forth in Part II of the Statement of the Case at pages 33 to 35, *ante*, the Lorillard Company in the year 1919, at the suggestion of the Beech-Nut Company, proceeded against another tobacco manufacturer, the Beech-Nut Stogie Company, which had started to use the word "Beech-Nut" as a trade-mark for tobacco products. This circumstance has significance in that it shows that the Lorillard Company had specific and direct notice that the Beech-Nut Company asserted its exclusive rights in the word "Beech-Nut" as a trade-mark against all tobacco manufacturers and dealers other than the Lorillard Company. The Beech-Nut Company sent to the Lorillard Company a letter in which counsel for the Beech-Nut Company stated that the fact that the Beech-Nut Company had filled orders for the Beech-Nut Stogie Company would not have any bearing upon "your [the Beech-Nut Company's] right to stop the use of your mark by them of your mark" (*ante*, p. 34). There was no conceivable circumstance other than the misrepresentation made by the Lorillard Company in 1919 that could cause the Beech-Nut Company to believe that it had the right to stop the Beech-Nut Stogie Company from using the word "Beech-Nut" but had no right to stop the Lorillard Company from using that word.

As set forth in Part II of the Statement of the Case (*ante*, p. 39), when the Beech-Nut Company learned, in the year 1919, that the Lorillard Company was planning to extend the use of the Beech-Nut trade-mark to cigarettes the Beech-Nut Company again protested, and as

defensive measure sold a few boxes of cigarettes in boxes bearing the word "Beech-Nut," and applied to the Patent Office for registration of that word as a trade-mark for cigarettes. The Lorillard Company opposed this application for registration and in its notice of opposition filed in the Patent Office pleaded continuous use of the word Beech-Nut since 1898 as a trade-mark for tobacco. The Beech-Nut Company in its answer admitted all of the formal and other allegations of the Lorillard Company the truth of which its officers had personal knowledge, and pleaded a general denial as to the rest of the allegations. It was this general denial, made without the slightest anticipation, or reason to believe, that the Lorillard Company would have the slightest difficulty in proving what it had said in 1915 was shown by the records of its office, that brought out the fact that the Lorillard records do not show anything of the kind, but, on the contrary, show complete dis-use from and after the year 1910. Had it not been for the controversy about the cigarettes the Beech-Nut Company would never have learned that the Lorillard Company did not tell the truth in 1915. The abstract of the evidence contained in Part II of the Statement of the Case shows conclusively that the acquiescence charged by the Lorillard Company was the temporary inaction of the Beech-Nut Company induced by the Lorillard Company's misrepresentation of the facts made in 1915 for the purpose of concealing the unlawfulness of its use of the Beech-Nut trade-mark.

### Damage.

The use by the Lorillard Company of the trade-mark and trade-name of the Beech-Nut Company converts the Beech-Nut Company's right to the exclusive enjoyment of its reputation and the good-will of its business into the mere right to enjoy and use that reputation and good-will in common with the Lorillard Company, and with anyone who desires to utilize the good-will of the Beech-Nut Company in the sale of any commodity not heretofore dealt in by the Beech-Nut Company. The damage lies in the conversion of an exclusive owner into a mere tenant in common. That specific damage results from such a conversion needs no demonstration. The mere conversion is damage.

The Lorillard Company has defended its position on the principle that no one may have an exclusive right in the use of a word or other symbol as a trade-mark except in connection and association with an established business, and that as the Beech-Nut Company has no business in tobacco it has no legal right to prevent others from using its name and trade-mark in the tobacco business. But there is a vital difference between the association of a trade-mark with a business, and its association merely with the sale of some particular commodity or commodities. The Beech-Nut Company's trade-mark is associated with its business generally, and not merely with the sale of particular commodities. That this is so, and that it is recognized by the public, is shown by the universal acceptance by the public of the Lorillard Beech-Nut tobacco products as products of the Beech-Nut Packing Company.

We find nothing in any of the decisions of this Court to give support to the view that the exclusive right of the owner of a trade-mark or trade-name is con-

fined to its use on the very commodities in connection with which he has used it, but we do find expressions indicative of the contrary view. In the concluding paragraph of the quotation on page 268, *post*, from Mr. Justice Pitney's opinion in the Hanover Star Milling case (240 U. S. 403) a trade-mark is referred to as the subject of property "in connection with an existing business," not in connection with the sale of a particular commodity. And in the opinion of this Court in the Simplex case Mr. Justice Sutherland refers to the purpose of the law of unfair competition and trade-marks as "to prevent one person from passing off his goods or his business as the goods or business of another" (269 U. S. 372, 380). This statement was made in a case involving parties who dealt in different and non-competing commodities, and involves, as does the opinion in its entirety, recognition of the principle that the exclusive rights of the owner of a trade-mark are not to be arbitrarily confined to the particular commodities upon which he has used it, but may extend to any business in which the use of that mark will indicate to the public that the business is his. When this Court stated that the object of the law is "to prevent one person from passing off his goods or his business as the goods or business of another," we believe the distinction between "goods" and "business" was made advisedly, and for the purpose of making the protection of the law commensurate with the demand of justice.

The injury inflicted upon the Beech-Nut Company by the Lorillard Company's appropriation of its name and trade-mark lies primarily in the fact that the public has been led to believe that the Beech-Nut Company is conducting a business with which it is not connected and which it does not and cannot control. The most valuable asset of the Beech-Nut Packing Company is the high



regard in which it is held by the public—the good-will of its business. The good-will of such a business is the result of years of upright dealing accompanied by extensive and costly advertising. Its value may well exceed that of the physical assets of a company whose business consists in the sale of commodities in small quantities to millions of customers. The perpetuation of good-will depends absolutely on the continued and constant observance of the highest standards of business ethics. Good-will is at once the most valuable and the most easily destroyed of the assets of a business. With rigid observance of high and wise standards of business, good-will is a permanent asset, subject to injury and destruction only by failure of the law to enjoin strangers from impersonating the party who has won the good-will of the public. The claim of a business enterprise to protection of its good-will is merely a request that one be protected in the ownership of that which he creates. Other titles rest upon appropriation from the store of nature, or grants from government which may ultimately trace back to mere force and conquest, but good-will is something absolutely created by the party who claims its exclusive enjoyment. There is every reason, both legal and ethical, why the law should most scrupulously guard and protect this species of property.

During the years that have passed since the law first accorded protection to business good-will, that protection has been limited to the conditions existing at the time the protection of the courts was invoked. In an age when world-wide advertising was unknown, when business enterprises were small compared with present-day operations, and trade-marks and trade-names had value only in connection with a single commodity, the courts formulated the general principles of law in terms applicable to the facts before them. At a time when no purpose would

be served by applying a trade-mark or trade-name to different commodities, and when no one did so, courts were not called upon to formulate rules that would be applicable literally to present day conditions,—conditions that no one then even dreamt ever would or could exist. And in formulating principles of law applicable to conditions of those past times it was sufficient and proper that the principles be limited to the adjustment of the rights of men under conditions then existing. At a time when no wrong had ever been done by the misappropriation of a trade-mark for use on goods different from those to which the owner of the trade-mark applied it, and when no one foresaw or had any reason to speculate upon the possibility of wrong in the use of the trade-mark on different goods, full justice was done by the unlimited application of the principle that the same trade-mark may be used by different parties upon different goods, and likewise by the principle that there is no unfair competition in the absence of an effort by different parties to get the same trade of the same people at the same time. It would have been a visionary attempt at the impossible for the courts of former times to have undertaken to formulate principles for the regulation of conditions which they were called on to adjudicate that would be literally applicable to any conditions that might arise in the future. We do not criticise the legal acumen of jurists who have said that the owner of land owns it from a point at the center of the earth below, to the depths of space above, nor do we attempt to apply that principle when an aeroplane passes over our land.

The changes that have come about in the magnitude and manner of conducting business enterprises have prompted the courts to formulate new and broader statements of the law of trade, but we take it that the greater breadth of these modern rules does not result from the

development of any new principle, or of any principle that conflicts with the principles applied by courts of former times. The earlier courts stated the principle in a form that included all of the then known ways by which one man could misappropriate another man's identity and reputation. Modern courts in doing the same thing have found it necessary to state the same principle in broader terms simply because material progress has given rise to new ways in which one man may appropriate another's identity and reputation. In the eighteenth century a hat merchant could not appropriate a publisher's reputation by using the publisher's trade-mark, but such a thing may happen in the twentieth century as found by the Court of Appeals for the Sixth Circuit in the *Vogue* case (*ante*, p. 201).

In former times when the appropriation of good-will was proved in cases where both parties dealt in the same commodity there was always specific damage, for the true owner of the trade-mark was deprived of sales when the goods of the other party were substituted for his goods. Where the difference between the goods sold by the parties is such that the goods of one cannot be substituted for those of the other, there can be no loss of sales by substitution of goods and no specific damage from this source. Where the goods dealt in by the parties are different, the legal analysis of the wrong may take different forms. Business good-will may be regarded as absolute property and its misappropriation as a trespass to be enjoined without proof of damage. Or the misappropriation of good-will, accompanied by damage, may be regarded as a tort. Judge Gray, in the opinion of the Court of Appeals for the Third Circuit in *Sharpless v. Lawrence* (213 Fed. 423), said (p. 426) that in theory a technical trade-mark, like a patent right, is a species of property and that its appropriation is referred to as tres-

pass, but that in unfair competition cases the complaint is not of an appropriation of property but of a tort.

All cases involving appropriation of business good-will by means other than the appropriation of what are known as "common law" or "technical" trade-marks have come to be referred to as "unfair competition" cases. This use of the word "competition" doubtless arose from the fact that during the early development of this branch of the law the cases all involved parties who were dealing in the same commodity and were therefore in direct competition. A study of the cases gives ground to the belief that the use of the word "competition," used originally merely as descriptive of the class of cases embraced in the phrase "unfair competition cases," has come to be accepted in many instances as a word of limitation, with the effect of sometimes withholding legal relief in cases where the misappropriation of good-will has been accomplished by means not involving direct competition in the sale of goods.

In the instant case the court below says (R. Vol. V, p. 2701), with reference to the parties to the suit: "There was, therefore, no competition between them unfair or otherwise." It is quite obvious that if these cases are to be reasoned in words rather than in substance, the conclusion that there can be no unfair competition if there is no competition of any kind ends the matter. Of course, it might be said that there is competition between the parties as to which of them has the right to use the word "Beech-Nut" in the tobacco business, but we do not consider that any argument that consists in attempting to conform the facts to words reaches the root of the matter. The only sound and thorough analysis of the subject is one that starts with a definition of the right to be protected and proceeds with a dissection of the substance, uncontrolled by refinements and distinctions of termin-

ology. Such an analysis is found in the opinion of this Court by Mr. Justice Pitney in *Hanover Star Milling Company v. Metcalf*, 240 U. S. 403, from which we quote the following:

"The redress that is accorded in trade-mark cases is based upon the party's right to be protected in the good-will of a trade or business." (240 U. S., p. 412.)

"Courts afford redress or relief upon the ground that a party has a valuable interest in the good-will of his trade or business, and in the trade-marks adopted to maintain and extend it. The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another [citing cases].

"This essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied with trade-mark infringement. In fact the common law of trade-marks is but a part of the broader law of unfair competition [citing cases].

"Common law trade-marks, and the right to their exclusive use, are of course to be classed among property rights, *Trade-Mark Cases*, 100 U. S., 82, 92, 93; but only in the sense that a man's right to the continued enjoyment of his trade reputation and the good-will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trade-mark is an instrumentality. (240 U. S., pp. 412-413.)

"In short, the trade-mark is treated as merely a protection for the good-will, and not the subject of property except in connection with an existing business." (240 U. S., p. 414.)

The opinion from which the foregoing passage is quoted was written in a case where the contesting parties dealt in the same commodity, flour, but the reasoning upon which the analysis proceeds is independent of the nature of the commodities the parties dealt in. The reasoning

of the Court is not based upon the substitution of one man's goods for the goods of another man and the consequent loss of sales, but is based upon the broader ground of impairment of the good-will of a trade or business. In saying, as quoted above, that "The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another" it is quite probable that this Court had in mind only the facts of the case before it, where both parties were selling the same commodity, but both the words and the reasoning to which they give expression are applicable with equal force to a case in which the parties deal in different commodities. The basic right is the right to protection of the good-will of a business. If a stranger falsely represents his goods to be the product of that business and thereby impairs or destroys its good-will, the right of the owner of the business to protection of the good-will attached to it has been violated, regardless of the character of the goods dealt in by the stranger. If the stranger deals in the same kind of goods that are dealt in in the business which he has impersonated, then there will be specific injury in the diversion of particular sales, but injury to the good-will of a business may be caused without direct competition in the sale of goods.

In the instant case we have proved injury in the impairment of the reputation of the Beech-Nut Company as a producer of goods of the highest grade and best quality only, and have proved special damage in the loss of the trade of people who ceased dealing with the Beech-Nut Company on account of their antagonism to any company that they thought dealt in chewing tobacco and cigarettes (*ante*, pp. 76-80). But we believe that, when a party shows that a stranger has impersonated him, and is conducting a business under his name, with resulting deception of the public which makes that party responsible in

the mind of the public for a business in which he has no interest and over which he has no control, there is a complete cause of action calling for legal redress regardless of whether special damage is or is not shown. That general damage to the Beech-Nut Company resulted from the impairment of its reputation by the cheap and inferior quality of the Lorillard Beech-Nut cigarettes is apparent from the testimony reviewed in the Statement of the Case (*ante*, pp. 102 to 112). An interesting paper which contains a discussion of this point appears in the Columbia Law Review for February, 1925. The writer, under the title "Appropriation of Trade Symbols by Non-competitors," comments on the decision of the Sixth Circuit Court of Appeals in *Vogue Co. v. Thompson-Hudson Co.* (300 Fed. 509, which case is discussed *ante* at page 201). The entire article is interesting and instructive, but we shall refer here only to the points directly involved in the instant case. After referring to the fact that in the Vogue case there was no direct competition between the parties the writer says:

"The plaintiff obviously could not lose the sale of a hat to the defendant. Thus the case is not one which can be justified under the ordinary principles which govern the law of unfair competition in this limited sense. On the other hand, the plaintiff is in a position where he may lose something just as valuable from his point of view. This is what the court seems to have had in mind. It founded its decision on the assumption that because the plaintiff's magazine was generally known as an authority on style there was reasonable likelihood of injury to the plaintiff through the defendant's misrepresentation, since persistence in marking with this name articles which might be unfit, undesirable or out of style, might drive away vast numbers of those who customarily purchased the plaintiff's magazine. The forcefulness of this contention is at once apparent. Thus if X manufactures an inferior grade of automobile tires and calls them Overland tires,

a falling off in the sale of Overland automobiles is likely to reflect the practice." (Columbia Law Review, February, 1925, pp. 200-201.)

Following the passage above quoted the writer states that if the doctrine of trade names is to be carried over bodily into the field of disparagement of goods, as opposed to defamation of the person, account must be taken of the fact that in actions at law for disparagement of goods courts insist that there be an allegation of special damage. The author then puts the question whether the *Vogue* case can be taken to represent a relaxation in equity of the rule which requires special damage, and observes that such a tendency has appeared before in *Elgin Nat. Watch Co. v. Loveland*, 132 Fed. 41, in the *Overland* case, the *Aunt Jemima* case, the *Peninsular Chemical Co.* case (the three cases last referred to are discussed *ante* at pages 206, 192 and 186), *Eastman Co. v. Kodak Cycle Co.* (English), 15 R. P. C., 105, and *Walter v. Ashton*, [1902], 2 Ch. 282 (discussed *ante* at pages 194, 197 to 200). The author then continues as follows:

"But, even if it be conceded that the plaintiff may obtain an injunction merely upon proof of general damage, the problem is not without its difficulties. Obviously, a mere falling off in business would not be sufficient to ground an injunction. Some connection between the plaintiff's loss and the defendant's conduct must be shown. It would seem to follow, therefore, that the plaintiff would be unable to show general damage unless the defendant's goods were of an unsatisfactory quality. This raises a question not easy of solution. On the other hand, the plaintiff may well argue that even though the defendant is not now making goods of a quality which can be complained of, yet he should be restrained from getting into a position where he can at any moment cause the market to be flooded with an inferior grade of merchandise which, in the minds of the public, will be associated with the plaintiff, to his irreparable injury.



"A third point remains to be considered. The possibility of expansion is an important item. Ford may at any time decide to manufacture tires; Childs may wish to operate a group of restaurants in Wyoming. . . . The rule should be formulated as follows: One who is using a trade name is entitled to protection against its use by others upon articles which in their general characteristics, construction or use are so closely allied with the products of the user as to render it likely that the user himself may desire to manufacture such articles." (Columbia Law Review, Feb'y, 1925, pp. 202-203.)

In the concluding paragraph of the article in the Columbia Law Review, the author states that the injunction in the Vogue case could not be supported on the theory of the protection of the plaintiff's right to expansion of its business, and that in this respect the Vogue case differs from most of the previous cases tending to dispense with the requirement of special damage. The article concludes with the following passage:

"The plaintiff [in the Vogue case] was making use of a symbol which was admittedly of great practical value to him; the defendant appropriated this symbol to himself. In determining whether or no a practice such as this should be restrained, the court should ask, 'Does the defendant's conduct tend to make the plaintiff any poorer? True, he has obtained something without the expenditure of any effort on his part, but is the plaintiff a loser or is he likely to lose anything thereby?' Leaving aside all consideration of the question of disparagement, in the instant [Vogue] case, the value of the plaintiff's symbol depended in large part upon its uniqueness. Employed in the manner described, it was indicative in the public mind of the plaintiff's magazine. The direct tendency of the defendant's action was to destroy this association. If lack of precedent alone offered an obstacle to relief, it is difficult to quarrel with the decision. Relaxation which is healthy growth is always to be commended." (Columbia Law Review, February, 1925, page 204.)

The decrees in all of the cases discussed herein on pages 186 to 221 and in the English cases which we have referred to were grounded upon general damage. But in addition to the fact that the courts which decided these cases based their decisions upon the general principles of equity, we believe that there is specific statutory authority for the grant of such injunctions upon proof of general damage.

Section 19 of the Trade-Mark Act of 1905 (33 Stat. L. 729), as heretofore stated (*ante*, pp. 127-128) provides that the courts "shall have power to grant injunctions, according to the course and principles of equity, to prevent the violation of any right of the owner of a trade-mark registered under this act, on such terms as the court may deem reasonable." The expression "any right" must have been used advisedly and with intent to accord redress for *any* wrong, for in Section 16, which provides the remedy in actions at law, the wrong is strictly defined as consisting in the use of the trade-mark "in connection with the sale of merchandise of substantially the same descriptive properties," and the verdict is referred to as for "actual damages" which may be increased three-fold by the court. To limit the injunctive relief provided by Section 19 to cases in which the violation of right has caused special damage would impose upon the statute a limitation inconsistent with the phrase "violation of any right," and withhold the power to enjoin a threatened and impending injury in the absence of previously inflicted special damage.

Coming now to the fact that the word "Beech-Nut" is the dominant element of the Beech-Nut Packing Company's corporate name, and is the trade-name by which its line of products is universally known, it is apparent that the use of the word "Beech-Nut" by the Lorillard Company is not only a trespass upon the Beech-Nut Com-

pany's property right in its trade-mark, but is also an offense of the kind classified under the term "unfair competition." This aspect of the case is one that has been treated in the past as a tort. While the point is not material here, since damage has been proved, it appears that a property right is as fully involved in the misappropriation of a corporate or trade-name as in the misappropriation of a trade-mark. The property right resides in the good-will of the business, and a trade-mark, or a corporate or trade-name are but symbols of that right—instrumentalities for publishing the fact that the goods upon which it appears, or in connection with which it is used, are goods to which the good-will attaches. The property right is equally misappropriated whether it be misappropriated by the wrongful use of a trade-mark, a trade-name or a corporate name. In this particular any distinction between a trade-mark case and an unfair competition case seems to be merely a distinction between different instrumentalities by the misappropriation of which the same wrong is committed. We therefore believe that, aside from the Lorillard Company's appropriation of the Beech-Nut trade-mark, the use by the Lorillard Company of the Beech-Nut Company's corporate and trade-name has been a wrongful invasion of the Beech-Nut Company's property right in the good-will of its business.

In the passage above quoted from this Court's opinion in the Hanover Star Milling case the statement is made that "The essential element is the same in trade-mark cases as in cases of unfair competition unaccompanied with trade-mark infringement," a conclusion which flows inevitably from the analysis of the wrong as a violation of a party's right of property in the good-will of his business. Our contention that a property right is involved in unfair competition cases as fully as in strictly

trade-mark cases also finds support in the statement in the passage above quoted from the opinion in the *Hanover Star Milling* case where this Court says that common law trade-marks are to be classed among property rights, "but only in the sense that a man's right to the continued enjoyment of his trade reputation and the good-will that flows from it, free from unwarranted interference by others, is a property right, for the protection of which a trade-mark is an instrumentality." That which is thus defined as giving a trade-mark right the status of property, *i. e.* association with the good-will of a business, confers the same status on a trade-name and often, as in the instant case, on a corporate name, in precisely the same way that it does upon a trade-mark. The word "Beech-Nut" is associated by the public with the business of the Beech-Nut Packing Company. Whether the association of the word with the business has arisen from its use as a trade-mark, a trade-name, or as the salient part of a corporate name, relates only to the means by which the association has been instilled in the public mind. It is the fact of the association of the word with the business that makes the word a symbol of a property right, and no sound reason is apparent for considering the right in the use of the word a property right when considered as a trade-mark, and only as the basis for an action in tort, or of a suit to enjoin the continuance of a tort, when considered as a trade-name or the salient part of a corporate name.

The special damage which we have proved, showing the loss of trade of people who are opposed to business houses that deal in chewing tobacco or cigarettes, constitutes, of course, only a part of the total injury inflicted upon the Beech-Nut Company by the Lorillard Company's use of the Beech-Nut trade-mark. But, in cases where the opposing parties deal in the same

commodity, the showing of special damage is almost invariably of the most insignificant amount compared to the total damage. Trade-marks find their greatest utility and widest use in connection with goods that are sold at retail in small amounts, and where the price is not sufficient to cause the purchaser to exercise the degree of care that he would exercise in larger transactions. Taking the Hanover Star Milling case as an illustration, the profits of the parties grew out of thousands of retail sales of flour per month. A litigant could not produce and a court could not consider evidence of more than a few illustrative instances of the loss of retail sales of flour, a number of instances that in the aggregate could hardly involve a sufficient amount of profits to rise above the plane of the trivial. Therefore the instances shown in the Record here of loss of sales resulting from the damage to the good-will of the Beech-Nut Company, while few in number, are sufficiently numerous to show the existence of special damage, and this is the only purpose served by the relatively few instances of loss of trade by which special damage is proved in cases where both parties deal in the same commodity and there is a loss of sales by substitution of the goods of one party for those of the other. The impossibility of proving the total damage resulting from the loss of hundreds of thousands of small retail sales is the principal reason underlying the award of a defendant's profits to the plaintiff who has lost sales by the substitution of the defendant's products for his own. Proof of actual damage in cases involving a vast number of small retail sales is never required as a measure of damage, but solely to establish the existence of actual damage. Therefore, whether the Lorillard Company's appropriation of the Beech-Nut Company trade-mark be considered a trespass on property rights or a tort the proof of the wrong is complete.

While no hard and fast rule can be laid down for determining the precise commodities upon which a party has the exclusive right to use his trade-mark or trade-name, it has long been established law, laid down in cases where the parties dealt in the same commodity, that a party's right in his trade-mark extends to any mark sufficiently similar to cause the public to believe that it is his (*ante*, p. 165). The same logic demands that a party's right in his trade-mark or trade-name should extend to the use of that mark or name upon any goods of such character, or so handled in trade, that the appearance of his mark or name on those goods causes the public to believe that they are his. The only element of importance in the use of any trade-mark or trade-name is the message conveyed to the public by its use, and both reason, and the just regulation of business conduct, demand that a party's right to the exclusive use of his trade-mark or trade-name be commensurate with that use which is understood by the public to be his.

In the very nature of things, the extent of the rights of a party in the good-will symbolized by his trade-mark or trade-name is a question individual to each case. Whether a party's trade-mark or trade-name is associated with him by the public in connection with a certain business or the sale of certain goods can be established only by direct proof of the fact or by inference from proved facts. But study of the decision of the court below in the instant case indicates that the court did not conclude from the facts that the good-will of the Beech-Nut Company, and the significance of the word "Beech-Nut" as a symbol thereof, do not extend to tobacco products. Such a conclusion would have been impossible in the face of the proved contrary. The court below simply ignored the good-will of the Beech-Nut Company as having any bearing on the suit. That the court so

ignored the element of good-will is plainly shown in its statement (R. Vol. V, p. 2702) that the difference between the labels is "so great and distinct that any purchaser paying ordinary attention need not and should not be mistaken and certainly not deceived." In taking this position the court below substitutes its own judgment of what the public *ought* to think for proof of what the public *did* think. In the view of the court below the meaning of a trade-mark or trade-name upon goods is not the meaning conveyed to the public, but is the meaning which the court thinks the public *ought* to derive from the trade-mark. Our proof that the public was universally deceived is met by the court below with the statement that the public "need not and should not be mistaken and certainly not deceived." In effect the court below rules that the universal deception of the public has resulted solely from the carelessness or stupidity of the hundred million inhabitants of the United States in misunderstanding something that is rightly understood only by the Lorillard Company and the court below, and that the Lorillard Company, therefore, is neither responsible nor accountable for the wrong that has been done to the Beech-Nut Packing Company.

### Conclusion.

We contend that the law and the facts established by the evidence support the following conclusions:

1. That since a time prior to the year 1915 and continuously thereafter plaintiff has used the word "Beech-Nut" and its Beech-Nut trade-mark upon and in connection with the sale of a large number of commodities of the kind sold in grocery, drug, tobacco and delicatessen stores and stores dealing in general merchandise, and that by maintaining a high standard of quality in the goods so sold and by extensively advertising the same plaintiff has caused the Beech-Nut name and trade-mark to be widely recognized by the purchasing public as a symbol of goods of superior quality produced by plaintiff.

2. That the word "Beech-Nut" is, and since the year 1899 has been, the dominant and identifying element of plaintiff's corporate name.

3. That in the year 1912 plaintiff registered in the Patent Office its trade-mark, whereof the word "Beech-Nut" is the dominant and principal identifying element, for upwards of sixty-seven different commodities of the kind ordinarily sold in grocery, drug, tobacco and delicatessen stores and stores dealing in general merchandise.

4. That since a time long prior to the year 1915 plaintiff has put new products upon the market under its Beech-Nut name and trade-mark, such new products being of the kind ordinarily sold in grocery, drug, tobacco, delicatessen and general merchandise stores.

5. That by reason of the large number of different commodities dealt in by plaintiff under its Beech-Nut name and trade-mark, and its established and well known



custom of frequently placing new Beech-Nut products on the market, the purchasing public believed that new products bearing the Beech-Nut name and trade-mark, and offered for sale in stores of the kind where the other Beech-Nut goods were ordinarily sold, were products of the same origin as the Beech-Nut goods with which they had previously been familiar.

6. That defendant, for the purpose, and with the effect, of wrongfully appropriating to its own use and profit the good-will of plaintiff's business used the word "Beech-Nut" and plaintiff's Beech-Nut trade-mark in connection with the sale of its Beech-Nut chewing tobacco and cigarettes, and has thereby caused the purchasing public to believe that said tobacco and cigarettes were produced and sold by plaintiff, and to purchase the same by reason of their knowledge of the high quality and purity of the products dealt in by plaintiff.

7. That defendant's intention and purpose to wrongfully appropriate the good-will and reputation of plaintiff's business is shown not only by the fact that the significance of the Beech-Nut name and trade-mark as a symbol of plaintiff's goods and business was generally known, but by the further fact that defendant in its use of the word "Beech-Nut" upon its tobacco products surrounded said word with a substantially exact copy of all of the ornamental and distinctive elements of plaintiff's Beech-Nut trade-mark.

8. That defendant's use of plaintiff's Beech-Nut name and trade-mark impairs the significance thereof as a symbol of plaintiff's identity and as a guaranty that goods bearing said name or mark, and offered for sale in stores of the kind where plaintiff's goods are ordinarily sold, are goods of plaintiff's production, and that the continued use by defendant of plaintiff's name and trade-mark, and by others who may be encouraged so to

do by defendant's use thereof, will injure plaintiff's business and ultimately destroy the significance and value of plaintiff's Beech-Nut name and trade-mark.

9. That defendant has injured plaintiff by causing the public to believe that plaintiff is the producer of the inferior Beech-Nut cigarettes.

10. That defendant has injured plaintiff by causing the large class of people who are opposed to the use of chewing tobacco and cigarettes to believe that plaintiff is engaged in the chewing tobacco and cigarette business.

11. That such appropriation and use by defendant of the word "Beech-Nut" in connection with chewing tobacco and cigarettes constitute infringement of plaintiff's common-law trade-mark rights, and of plaintiff's statutory rights as defined in Section 19 of the Act of February 20, 1905, ch. 592; 33 Stat. L. 728.

12. That such appropriation and use by defendant of the word "Beech-Nut" are in violation of plaintiff's right to the exclusive use of its corporate and trade name.

13. That in the year 1915 defendant made a false statement of fact to plaintiff for the purpose, and with the effect, of making it appear that defendant had a legal right to use the word "Beech-Nut" or "Beechnut" as a trade-mark for chewing tobacco; that by said misrepresentation of fact defendant concealed the wrongfulness of its use of the Beech-Nut name and trade-mark and induced plaintiff to refrain from asserting its rights until after the discovery of the true state of facts by plaintiff in the year 1920.

We contend under the law applied to the facts:

1. That plaintiff is entitled to a perpetual injunction enjoining defendant from using the word Beech-Nut, either alone or accompanied by the other elements of plaintiff's trade-mark, in trade upon or in connection

with or with reference to cigarettes and tobacco in any form for chewing or smoking.

2. That plaintiff is entitled to a decree awarding to it all of the gains and profits realized by defendant from the manufacture and sale of scrap tobacco and cigarettes to which defendant has applied or in connection with which defendant has used the word Beech-Nut.

3. That plaintiff is entitled, as provided in Section 19 of the Trade-Mark Act of February 20, 1905 (33 Stat. L. 728), to a decree for damages in an amount equal to three times the actual damages caused by defendant's said wrongful acts, by reason of said acts having been committed intentionally, and with full knowledge of the wrongful and injurious consequences thereof, and by reason of the fraudulent misrepresentation made by defendant to plaintiff for the purpose of preventing, and with the effect of delaying, plaintiff's assertion of its rights.

Respectfully submitted,

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